Independent Audit Report

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2015

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 38)

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, 2015, 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, 2015, 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 2015 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 2015 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, 2016

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

Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2015

Consolidated Management Report

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

Translation of consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see Note 38).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014 (*)

(Thousands of euros)

ASSETS	Notes	12.31.15	12.31.14 (*)
NON-CURRENT ASSETS:			
Intangible assets			
Goodwill	**8**	388,410	386,756
Other intangible assets	**9**	135,975	235,047
		524,385	**621,803**
Property, plant and equipment	**10**		
Property, plant and equipment in use		327,282	315,941
Property, plant and equipment in the course of construction		31,889	17,596
		359,171	**333,537**
Investments accounted for using the equity method	**11**	**127,026**	**56,203**
Non-current financial assets	**13**		
Derivatives		7,584	1,864
Investment securities		36,423	35,683
Other non-current financial assets		3,384	3,158
Other non-current financial assets, related companies		99,883	-
		147,274	**40,705**
Deferred tax assets	**25**	**421,788**	**405,289**
Total non-current Assets		**1,579,644**	**1,457,537**
CURRENT ASSETS:			
Inventories	**14**	**803,259**	**564,492**
Trade and other receivables	**15**	**988,838**	**1,052,597**
Trade receivables from related companies	**32**	**81,581**	**67,592**
Tax receivables	**26**	**213,083**	**192,529**
Other receivables		**42,171**	**44,446**
Current financial assets			
Derivative financial instruments	22	9,662	8,963
Other current financial assets		16,789	19,041
Other current financial assets from related companies	32	7,559	2,108
		34,010	**30,112**
Cash and cash equivalent	**16**	**869,333**	**811,029**
Total current assets		**3,032,275**	**2,762,797**
Current assets classified as held for sale	**36**	**28,746**	**31,516**
TOTAL ASSETS		**4,640,665**	**4,251,850**

EQUITY AND LIABILITIES	Notes	12.31.15	12.31.14 (*)
EQUITY:			
Of the Parent	**18**		
Share capital		47,476	47,476
Share premium		386,415	386,415
Other reserves		976,921	884,118
Unrealised asset and liability revaluation reserve		7,675	1,762
Translation differences		(15,551)	(1,426)
Treasury shares		(46,244)	(24,873)
Net profit for the year		170,216	91,848
Other equity instruments			
		1,526,908	**1,385,320**
Of non-controlling interests	**19**	**296**	**93**
Total equity		**1,527,204**	**1,385,413**
NON-CURRENT LIABILITIES:			
Provisions for contingencies and charges	**23**	256,912	235,040
Bank borrowings	**21**	444,902	527,311
Other non-current liabilities	**24**	43,940	53,629
Deferred tax liabilities	**25**	115,648	83,405
Derivative financial instruments	**22**	3,869	738
Total non-current liabilities		**865,271**	**900,123**
CURRENT LIABILITIES:			
Bank borrowings and other financial liabilities			
Bank borrowings	**21**	102,899	92,583
Derivative financial instruments	**22**	4,265	13,448
		107,164	**106,031**
Trade and other payables		**1,788,901**	**1,448,770**
Trade payables to related companies	**32**	**148,721**	**237,949**
Other payables			
Tax payables	**26**	100,273	99,859
Other current liabilities		102,288	71,725
		202,561	**171,584**
Total current liabilities		**2,247,347**	**1,964,334**
Current liabilities associated with assets classified as held for sale	**36**	**843**	**1,980**
TOTAL EQUITY AND LIABILITIES		**4,640,665**	**4,251,850**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated balance sheet at December 31, 2015.

Translation of consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see Note 38).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED December 31, 2015 and 2014

(Thousands of euros)

	Notes	Thousands of euros	
		2015	**2014 (*)**
Continuing operations:			
Revenue	**7 and 29.A**	3,503,802	2,846,157
+/- Changes in inventories of finished goods and work in progress		79,575	54,996
Procurements	**29.B**	(2,478,139)	(1,996,070)
Other operating income	**29.A**	63,448	59,199
Staff costs	**29.C**	(341,050)	(302,924)
Other operating expenses	**29.D**	(307,490)	(296,863)
Depreciation	**29.E**	(96,053)	(91,955)
Provisions	**29.E**	(133,305)	(83,393)
Net impairment losses on assets	**9 and 10**	31,957	(7,968)
OPERATING INCOME		**322,745**	**181,179**
Finance income	**29.F**	13,599	11,682
Finance costs	**29.G**	(47,125)	(54,355)
Exchange differences (gains and losses)		(10,632)	(3,712)
Results of companies accounted for using the equity method	**11**	(24,988)	(667)
			-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**253,599**	**134,127**
Income tax on profit from continuing operations	**27**	(76,553)	(38,119)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**177,046**	**96,008**
Discontinued operations:			
Profit from the year from discontinued operations	**7 and 36**	(7,172)	(4,839)
NET PROFIT FOR THE YEAR		**169,874**	**91,169**
Non-controlling interests	**19**	342	679
Total profit for the year attributable to the parent		**170,216**	**91,848**

Earnings per share in euros (basic and diluted) from continuing and discontinued operations attributable to the parent	**35**		
From continuing operations		0.6424	0.3737
From discontinued operations		(0.0260)	(0.0187)
Earnings per share in euros (basic and diluted)		**0.6164**	**0.3550**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated income statement for 2015.

Translation of consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see Note 38).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014
(Thousands of euros)

	Notes	2015	2014 (*)
CONSOLIDATED PROFIT FOR THE YEAR		**169,874**	**91,169**
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			
Items that can be transferred subsequently to results:			
Income and expense transferred directly to equity			
Arising from cash flow hedges	**18.C**	9,260	(717)
Translation differences		(14,125)	46,822
Tax effect	**18.C**	(3,001)	245
		(7,866)	**46,350**
TOTAL TRANSFERS TO PROFIT OR LOSS			
Arising from cash flow hedges	**18.C**	(516)	2,940
Tax effect	**18.C**	170	(894)
		(346)	**2,046**
OTHER COMPREHENSIVE INCOME		**(8,212)**	**48,396**
TOTAL COMPREHENSIVE INCOME		**161,662**	**139,565**
Attributable to the Parent		162,004	140,244
Attributable to non-controlling interests	**19**	(342)	(679)
TOTAL COMPREHENSIVE INCOME		**161,662**	**139,565**
From continuing operations		168,834	144,404
From discontinued operations		(7,172)	(4,839)

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated statement of comprehensive income for the 2015.

Translation of consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see Note 38).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Thousands of euros)

				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, 2014 (*)	**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**
Total comprehensive income for 2015	-	-	5,913	-	-	-	-	-	(14,125)	170,216	-	(342)	161,662
Distribution of 2014 profit:													
Other reserves	-	-	-	862	-	-	-	68,204	-	(69,066)	-	-	-
Dividend in charge of the outcome of 2014	-	-	-	-	-	-	-	-	-	(22,782)	-	-	(22,782)
Treasury share transactions (Notes 3.P and 18.E)	-	-	-	-	-	21,371	(21,371)	(120)	-	-	-	-	(120)
Incentive plans (Note 18.E)	-	-	-	-	-	-	-	1,639	-	-	-	-	1,639
Other transactions	-	-	-	-	-	-	-	847	-	-	-	545	1,392
Balances at December 31, 2015	**47,476**	**386,415**	**7,675**	**9,494**	**1**	**46,244**	**(46,244)**	**921,182**	**(15,551)**	**170,216**	**-**	**296**	**1,527,204**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the statement of changes in consolidated total equity for the year 2015.

Translation of consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see Note 38).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS FOR THE YEARS ENDED DECEMBER 31 2015 AND 2014

(Thousands of euros)

	Notes	2015	2014 (*)
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Profit before tax		**246,427**	**131,833**
Adjustments for:			
Depreciation charge, provisions and allowances	**9,10,22 and 29.E**	229,358	175,348
Incentive Plan	**18.E and 29.C**	1,639	2,729
Finance income and costs	**29.F and 29.G**	45,475	49,565
Results of entities valued by the equity method	**11**	24,988	667
Net impairment losses on non-current assets	**10 and 11**	(29,111)	7,968
Changes in working capital:			
Change in trade and other receivables		14,861	426,626
Change in inventories		(257,211)	(71,295)
Change in trade and other payables		233,355	(263,171)
Effect on working capital of changes in consolidation method and/or scope		-	(923)
Effect of translation differences on working capital of foreign companies		(8,017)	39,306
Payments of provisions	**23**	(88,235)	(108,706)
Income taxes charged/(paid)		(60,612)	(30,402)
Interest received		11,899	8,829
Interest paid		(39,752)	(59,288)
Net cash flows from operating activities (I)		**325,064**	**309,086**
Cash flows from investing activities:			
Acquisition of subsidiaries, net of the existing liquid items	**2.G**	(2,544)	-
Investments in intangible assets	**9**	(55,520)	(55,692)
Investments in property, plant and equipment	**10**	(112,338)	(55,383)
Investments in other non-current financial assets	**13**	(3,672)	(3,249)
Investments in other current financial assets		(8,005)	(11,409)
Receipts from disposals of intagible assets and property, plant and equipment		11,140	26,107
Receipts from disposal of financial and non financial assets		685	10,717
Receipts from disposal of of subsidiaries		-	85,416
Net Cash flows from investment activities (II)		**(170,254)**	**(3,493)**
Cash flows from financing activities:			
Equity amortisation/(issue) of subsidiaries	**11**	5,880	(4,060)
Capital increase		-	232,520
New bank borrowings		222,441	97,517
Dividends paid		(22,782)	-
Dividends charged	**11**	3,006	-
Cash outflows relating to bank borrowings		(304,619)	(725,379)
Acquisition and disposals of treasury shares		(120)	(1,653)
Net cash flows from financing activities (III)		**(96,194)**	**(401,055)**
Effect of foreign exchange rate changes on cash and cash equivalents (IV)		**(311)**	**12,875**
Effect of changes on cash and cash equivalents and of transfers to assets classified as held for sale held for sale (V)		**-**	**-**
Net increase in cash and cash equivalents from continuing operations (I+II+III+IV+V)		**58,305**	**(82,587)**
Cash and cash equivalents from continuing operations at beginning of year	**16**	811,028	893,615
Total cash and cash equivalents from continuing operations at end of year	**16**	**869,333**	**811,028**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated statement of cash flows for 2015

Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

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

Notes to the Consolidated Annual Accounts
for the year ended
December 31, 2015

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 into the following business units (Note 7):

- Wind Turbines (*)
- Operation and maintenance

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

A. 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 2015 of the GAMESA Group were formally prepared:

- By the directors of GAMESA, at the Board of Directors Meeting held on February 24, 2016.

- Since 2005, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, including the International Accounting Standards (IAS) 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 2015 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, 2015, 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 2015 (IFRS) 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 2014 were approved by the shareholders at the General Meeting of GAMESA held on May 8, 2015 and were filed at the Vizcaya Mercantile Registry. The Group's 2015 Consolidated Financial Statements have not yet been approved by the shareholders at the 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 2015 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, 2015:

- IFRIC 21: "Levies"
- Annual improvements to IFRS – Course 2011-2013
  - IFRS 3: "Business combinations"
  - IFRS 13: "Fair value calculation"
  - IAS 40: "Investment properties"

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, 2015:

		Mandatory application for years beginning from
	Annual improvements to several standards 2010-2012	February 1, 2015
	Annual improvements to several standards 2012-2014	January 1, 2016
Amendments to IAS 19	Defined benefit Plans: employee contributions	February 1, 2015
IFRS 14	Deferred regulatory accounts	January 1, 2016
Amendments to IFRS 11	Joint arrangements	January 1, 2016
Amendments to IAS 16 and 38	Accepted depreciation methods	January 1, 2016
Amendments to IAS 27	Equity method in separate financial statements	January 1, 2016
Amendments to IAS 28I and FRS 10	Sale or contribution of assets between an investor and its associate or joint	January 1, 2016
Amendments to IAS 1	Disclosure initiative	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment companies: exemption to consolidation	January 1, 2016
Amendments to IAS 7	Statement of cash flows: initiative for information to disclose	January 1, 2017
Amendments to IAS 12	Recognition of deferred tax assets from unrealized losses	January 1, 2017
IFRS 15	Income from client agreements	January 1, 2018
IFRS 9	Financial instruments	January 1, 2018
IFRS 16	Leases	January 1, 2019

At the preparing date of these Consolidated Financial Statements, these standards, interpretations and amendments are pending on the adoption by the European Union with the exception of the amendments to IAS 1, IAS 12, IAS 19, IAS 27, IAS 16 and 38, IFRS 11, IFRS 14 and periods 2010-2012 and 2012-2014 of improvements to many standards.

None of these standards have been adopted in advance by the GAMESA Group. 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 2015. In the specific case of IFRS 9, IFRS 15 and IFRS 16, that analysis will continue during the year 2016 due to their complexity. Regarding the rest of the standards, GAMESA estimates that its application would not have supposed significant amendments to the present Consolidated Financial Statements in and will not suppose 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 euros, 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 gathered 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 2015 contained in these notes to the Consolidated Financial Statements is presented, for comparison purposes, with the information relating to 2014 and, accordingly, it does not constitute the GAMESA Group's statutory Consolidated Financial Statements for 2014.

F. BASIS OF CONSOLIDATION

<u>Subsidiaries</u>

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

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 and they are out of the scope from the date that control ceases.

<u>Joint ventures</u>

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 on the financial and operating policies of an investee (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 IFRS, although it is reviewed for impairment at least once a year (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.

- For each business combination, the buyer will assess in the acquisition date, 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 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 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 (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 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 (Note 11).

G. CHANGES IN THE SCOPE OF CONSOLIDATION

The most significant inclusions in the scope of consolidation in 2015 and 2014 were as follows:

Incorporation or acquisition of new companies

Year 2015

Company incorporated / acquired	Holding company of the stake	Percentage of stake of the Group
Adwen Offshore, S.L.	Gamesa Energía, S.A.U.	50%
Gamesa Eólica, S.L. "Branch Jamaica"	Gamesa Eólica, S.L.U.	100%
Gamesa Belgium, S.R.L.	Gamesa Eólica, S.L.U.	100%
Gamesa Israel Ltd.	Gamesa Eólica, S.L.U.	100%
Gamesa Mauritius Ltd.	Gamesa Eólica, S.L.U.	100%
B9 Energy O&M Limited	Gamesa Wind UK, Ltd.	100%

At the end of 2015, the aforementioned companies are fully consolidated with the exception of Adwen Offshore, S.L. which is integrated by the equity method.

On March 9, 2015, the GAMESA Group has signed with Areva, S.A. (hereinafter “AREVA”) and other companies of its group, the necessary agreements for the constitution of a company participated 50% by both groups to which each part provides with its offshore business and through which that business is exclusively performed (Note 11).

On July 29, 2015 the GAMESA Group subscribed a purchase-sale agreement for the acquisition of 100% of the share capital of B9 Energy O&M Limited, a North Irish company mainly dedicated to the render of wind farm maintenance services both in Ireland and United Kingdom, for an amount of €2,687 thousands (Note 8). At the acquisition date, that company had cash and cash equivalents for an amount of €143 thousands.

On December 17, 2015, the GAMESA Group subscribed a purchase-sale agreement for the acquisition of 50% of the share capital of Nuevas Estrategias de Mantenimiento, S.L., a Spanish company mainly dedicated to the design, production, development and commercialization of engineering and technological solutions for an amount of €4,500 thousands, being this operation subject to the compliance of several precedent conditions that are supposed to be complied during the first term of 2016. This is the reason why this has not been consolidated at December 31, 2015. No amount has been paid at December 31, 2015.

Year 2014

Company incorporated / acquired	Incorporating company	Interest held by the Group
Gesan México 1, S.A.P.I. de C.V.	Gamesa Energía, S.A.U	100%
Energía Eólica de México, S.A. de C.V.	Gamesa Energía, S.A.U	50%
Energía Renovable del Istmo, S.A.P.I. de C.V.	Gamesa Energía, S.A.U	50%
Société D'exploitation 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.U	100%
Ujazd Sp. z o.o.	Gamesa Energía, S.A.U	100%
Gamesa Mauritania SARL	Gamesa Eólica, S.L.U	100%
Gamesa Ukraine LLC	Gamesa Europa, S.L.U (*)	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%.
(**) Actually Gamesa Inversiones Energéticas, S.A.

At the end of 2014, the aforementioned companies are fully consolidated with the exception of Windar Offshore, S.L.U. which is consolidated by the equity method.

On October 29, 2014, Gamesa Energía, S.A.U. acquired 100% of Central Eólica de México I, S.A. de C.V. for an amount of €2,577 thousands. This company is owner of rights to use land for the promotion of wind farms in México.

Exits from the scope of consolidation - Sales

Year 2015

Company	Activity	Registered Address	%
Medicine Bowl Wind LLC	Operation of wind farms	USA	100%
Southern Windfarm sp. Zoo. W Organizacji	Operation of wind farms	Poland	100%
Windfarm Horst GmbH	Operation of wind farms	Germany	100%
Société D'exploitation Du Parc Eolien Du Tonnerois	Operation of wind farms	France	100%
Suchan Sp z.o.o.	Operation of wind farms	Poland	100%
SAS SEPE du Plateau	Operation of wind farms	France	100%
Eólica dos Arbolitos, S.A.P.I. de C.V.	Operation of wind farms	Mexico	100%
New Broadband Network Solutions, S.L.	Manufacturing and Holding Company	Spain	31.19%

Year 2014

Company	Activity	Registered Address	%
Parco Eolico Orune, Srl	Operation of wind farms	Italy	100%
Parque Eólico do Pisco, S.A.	Operation of wind farms	Portugal	100%
Energiaki Ptoon, S.A.	Operation of wind farms	Greece	100%
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%
Elecdey Barchín, S.A.	Operation of wind farms	Spain	100%
Worldwater & Solar Technologies Inc.	Operation of wind farms	USA	25.67%
Vento Artabro, S.A.	Operation of wind farms	Spain	80%
Sistemas Energéticos Almodóvar del Río, S.L.	Electric energy production	Spain	100%

Exits from the scope mainly correspond to wind farms that have been sold during 2015 and 2014 and whose net assets were classified as stock, so that the sale of them, as it is stated in Note 3.A., has been registered in “Revenue” of 2015 and 2014 consolidated income statement, for an equivalent to the sum of the wind farm’s shares price and the net debt related to that wind farm.

Exits from the scope of consolidation - Winding up of companies

Year 2015

Company	Activity	Registered Address	%
Sistemas Energéticos Ortegal, S.A.	Electric power production	Spain	80%
Ger Cerbal S.R.L.	Electric power production	Romania	100%
Ger Jirlau S.R.L.	Electric power production	Romania	100%
Ger Ponor S.R.L.	Electric power production	Romania	100%
Ger Pribeagu S.R.L.	Electric power production	Romania	100%
Ger Bordusani S.R.L.	Electric power production	Romania	100%
Coemga Renovables, S.L.	Operation of wind farms	Spain	100%
Coemga Renovables 1 ,S.L.	Operation of wind farms	Spain	100%
Gamesa wind (Tianjin) Co. Ltd, Shanxi Branch	Manufacturing wind turbine components	China	100%
Zefiro Energy S.R.L.	Operation of wind farms	Italy	100%

Year 2014

Company	Activity	Registered Address	%
Sistemas Energéticos Ferrol Nerón, S.A.U.	Operation of wind farms	Spain	100%
Xeneración Eólica de Galizia, S.A.	Development of wind farms	Spain	65%
Gamesa Estonia OÜ	Manufacturing and Holding Company	Estonia	100%

Changes in the shareholdings of subsidiaries

Year 2015

The GAMESA Group increased its stake in Lingbo SPW AB in 2015, until reaching the 100% of the stake of that company over which already had the control. That amendment did not have a significant impact in the net consolidated equity at December 31, 2015.

Likewise, on March 9, 2015 the GAMESA Group has given the 100% of its stake in Sistemas Energéticos Arinaga, S.A. for the set-up of the new subsidiary at 50% with AREVA focused on the offshore business (Notes 10.A and 11).

Year 2014

During 2014 GAMESA Group has increased the stake in Gesacisa Desarrolladora, S.A de CV and Eólica Dos Arbolitos, S.A.P.I de CV, up to 100% of both companies from over which already had control. Additionally, it has increased the stake 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 stake 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 €4.048 thousands, was registered as a debit to the heading "Equity – Other reserves" of the attached consolidated balance sheet at December 31, 2014.

<u>Other corporate transactions</u>

Year 2015

During 2015, the company Compass Transworld Logistics, S.A. was taken over through merger into the company Gamesa Eólica, S.L.U. so that no variation in the scope of the Group has been occurred.

Additionally, during 2015 the company Gamesa Wind Poland, Sp. Zoo was taken over through merger into the company Gamesa Energía Polska Sp. Zoo. The company Gamesa Energy Sweeden AB was merged by absorption in the company Gamesa Wind Sweden AB, changes that did not have effect on the scope of the Group.

Likewise, during 2015, Cantarey Reinosa, S.A. and Gamesa Electric Power Systems, S.L. were absorbed by Gamesa Electric, S.A. This change did not affect to the scope of the Group.

Finally, during 2015, Gamesa Inversiones Energéticas Renovables S.C.R de régimen simplificado has changed its firm name to Gamesa Inversiones Energéticas, S.A.; also, Gamesa Wind Turbines Private, Ltd changed its firm name to Gamesa Renewable, Ltd.

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).

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 (Note 3.G) 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 is recognised when the shareholders' right to receive payment have been established.

B. STAGE OF COMPLETION

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

- There is a firm commitment for 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 finished 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 WGTS 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 of 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 provision (Note 3.F).

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.

<u>Internally generated intangible assets - Development expenditure</u>

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

In accordance with IFRS, 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 (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.

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 increase 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 (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 evidence that those assets might have suffered an impairment loss. If there was any evidence, 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 (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 8.5% (9.2% in 2014), 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 them 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 WTGS, 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 more than 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 registered at 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 the following 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 recognises 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, 2015 and 2014, 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, 2015 and 2014, 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 related to these investments is fully allocated 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, 2015 and 2014 (Note 12).

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 the analysis of the financial instruments which at December 31, 2015 and 2014 were measured at fair value subsequent to their initial recognition, classified in categories from 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 (as prices) or indirectly (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 in the market.

Thousands of euros	Fair value at December 31, 2015 Category 1	 Category 2	 Category 3	 Total
Non-current financial assets				
Derivative financial instruments (Note 22)	-	7,584	-	7,584
Current Financial Assets				
Derivative financial instruments (Note 22)	-	9,662	-	9,662
Non-current liabilities				
Derivative financial instruments (Note 22)	-	(3,869)	-	(3,869)
Current liabilities				
Derivative financial instruments (Note 22)	-	(4,265)	-	(4,265)
Total	**-**	**9,112**	**-**	**9,112**

Thousands of euros	Fair value at December 31, 2014 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)**

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, interest rate swaps and raw material swaps (electricity). 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. Raw material swaps are measured at fair value using the prices and interests from observable yield curves. The effects of discounting are generally not significant for level 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; and the market value of raw material swap contracts are calculated by discounting the estimated cash flows, estimating the future prices at the 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 2015.

- The measurement criteria for the derivatives at December 31, 2015 are those taken into consideration by IFRS 13, considering credit risk, including the one of GAMESA, over 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.

  - 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, 2015 and 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.

<u>Impairment of financial assets</u>

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 delay in interest or principal repayments; or

- likelihood that the borrower will go bankruptcy or a financial reorganisation process.

<u>Cash and cash equivalents</u>

"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 (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 (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 (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 - Conversion 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 ("factorized") 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, 2015 that were derecognised by the Group amounted to €120.5 million (€247.5 million at December 31, 2014). The average amount of factored receivables in 2015 was €175.5 million (€142.9 million in 2014).

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 be qualified 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 (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

Group companies

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

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

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, those 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 or the investment is recovered fully or partially 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, 2015 and 2014 is as follows:

	Equivalent value in thousands of euros			
	12.31.2015		12.31.2014	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Pound Sterling	5,428	2,216	2,911	6,760
US Dollar	524,599	663,275	503,246	317,957
Japanese Yen	1,931	702	7,923	535
Egyptian Pound	25,649	14,969	18,296	-
Chinese Yuan	274,089	289,796	222,583	177,546
Polish Zloty	5,945	6,788	11,139	-
Indian Rupee	381,159	263,946	270,061	156,144
Brazilian Real	280,326	248,149	222,487	158,824
Moroccan Dirham	9,95	18,851	P12,049	18,304
Romanian Lev	762	5,003	11,342	2,341
Mexican Peso	94,418	5,525	23,914	6,797
Other currencies	23,660	37,725	24,206	416
Total	**1,627,916**	**1,556,945**	**1,330,157**	**845,624**

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

	Equivalent value in thousands of euros			
	12.31.2015		12.31.2014	
Nature of the Balances	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trade receivables (Note 15)	934,781	-	683,675	-
Cash and other equivalent liquid assets (Note 16)	693,135	-	646,482	-
Payables	-	1,491,301	-	815,751
Bank borrowings (Note 21)	-	65,644	-	29,873
Total	**1,627,916**	**1,556,945**	**1,330,157**	**845,624**

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 (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 2015 and 2014 includes €664 and €214 thousands, 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 December 5, of the Vizcaya Historical Territory.

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 December 30.

Since 2005, Gamesa Technology Corporation, Inc. and its subsidiaries are taxed by the Federal Income Tax under the Consolidated Tax consolidation of the United Estates, being Gamesa Technology Corporation, Inc. the parent company of the Fiscal Group.

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 (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 (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 (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, 2015 and 2014, 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 (Note 23).

At December 31, 2015 and 2014, 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 (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 (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 2015 and 2014.

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 2015 and 2014 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (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 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 Management 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, also with a coordination at Group level.

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 the GAMESA Group is stablished and sells its products (e.g. India, Brazil and China).

In line with this, the Group also includes in certain circumstances formulas to mitigate exchange rate risk in the contracts with its clients.

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, the 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 85% 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, 2015 and 2014 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 (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% of euro		**Appreciation 5% of euro**	
Currency	**Exchange rate at 12.31.2015**	**Impact on profits before taxes**	**Impact on equity before taxes**	**Impact on profits before taxes**	**Impact on equity before taxes**
US Dollar	1,0887	(866)	(6,426)	783	5.814
Chinese Yuan	7,0608	(1,585)	(13,365)	1,434	3,652
Indian Rupee	72,0203	(2,903)	(9,390)	2,627	8,503
Brazilian Real	4,3117	(940)	(4,345)	851	3,931
Mexican Peso	18,7873	(556)	(2,316)	503	2,096

Thousands of euros		Debit / (credit) (*)			
		Devaluation 5% of euro		Appreciation 5% of 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
US Dollar	1,2141	(4,938)	(3,783)	4,507	3,427
Chinese Yuan	7,5358	(1,354)	(5,857)	1,219	5,299
Indian Rupee	76,7165	(593)	(8,403)	532	7,602
Brazilian Real	3,2207	(1,912)	(5,018)	1,730	4,552
Mexican Peso	17,9183	(1,181)	(1,629)	1,068	1,473

(*) 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 GAMESA Group uses external financing sources for the performance of some of their operations, and 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, always with a non-speculative hedging purposes.

The debt structure at December 31, 2015 and 2014, drawing a distinction between fixed and floating rate borrowings (Note 21), is as follows:

Thousands of euros	2015		2014	
	Excluding hedges	Including hedges	Excluding hedges	Including hedges
Fixed Income	-	220,777	-	12,805
Variable Rate	547,801	327,024	619,894	607,089

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) (*)			
	Variation in interest -0.25%		Variation in interest +0,25%	
	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
Year 2015	(1,646)	(6)	1,646	6
Year 2014	(2,304)	(2)	2,304	2

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

D. LIQUIDITY RISK

The GAMESA Group's policy consist of holding 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 2015 the GAMESA Group had an average of unused credit facilities equal to approximately 66.42% of the bank financing drawn down (60.77% in 2014).

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, 2015 and December 31, 2014 is as follows:

Thousands of euros	2015	2014
90 - 180 days	18,784	18,439
More than 180 days	85,107	80,385
Total	**103,891**	**98,824**

Moreover, historically the Group 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, 2015 and 2014 is as follows:

Thousands of euros	2015	2014
A+	32,009	52,185
A	188,195	152,342
A-	114,197	94,666
AA-	7,506	5,592
BBB+	209,702	74,767
BBB	204,655	280,386
BBB-	50,074	121,502
BB+ or BB	60,647	19,332
BB- or lower	2,348	10,257
Total	**869,333**	**811,029**

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 2015-2017 published on June 16, 2015 which includes measures that requires Management's estimation of the recoverable value of certain fixed assets and intangible assets, (Notes 9 and 10) 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 (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 indicated in Note 3.D and 3.E, the 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 guarantees for possible repairs and start-up costs that the Group will have to incur in connection with sales of WTGSs (Notes 3.Q and 23).

- The GAMESA Group has made certain assumptions in order to calculate the liability arising from obligations to employees (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 it is indicated in Note 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 farms in the United States.

Although these estimates were made on the basis of the best information available at December 31, 2015 and 2014 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 distribution of 2015 net profits of Gamesa Corporación Tecnológica, S.A. that the Board of Directors will present to shareholders at the 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	76,883
Total	**76,883**
Distribution	
Voluntary reserves	34,322
Dividend	42,561
Total	**76,883**

7. Segment reporting

The reportable segments of the GAMESA Group are adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group being the following at December 31, 2015 and 2014:

- Wind Turbines (*)
- Operation and maintenance

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

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.

A. INFORMATION BY BUSINESS UNITS

Revenue

The breakdown, by segment, of consolidated revenue for the years ended December 31, 2015 and 2014 is as follows:

	Thousands of euros	
Segment	**2015**	**2014**
Wind Turbines	3,033,097	2,411,087
Operation and Maintenance	470,705	435,070
Net revenue from continued operations	**3,503,802**	**2,846,157**

Profit for the year

The breakdown, by segment, of the contribution to the profit after tax for the years ended December 31, 2015 and 2014 is as follows:

Segment	Thousands of euros 2015	2014
Continuing Operations		
Wind Turbines	230,417	125,817
Operation and Maintenance	63,164	55,362
Capital gains and constitution of Adwen (Note 11)	29,164	-
Total Results Segment Operations	**322,745**	**181,179**
Unassigned results	(75,976)	(51,212)
Corporate income tax	(76,553)	(38,119)
Results for the year attributable to the Parent company	**170,216**	**91,848**

(*) This item includes financial results

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 the world

The most significant disclosures in this connection are as follows:

Revenue

The breakdown, by geographical segment, of revenue at December 31, 2015 and 2014 is as follows:

	2015		2014	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	312,137	8.9%	296,687	10.4%
Rest of Europe	428,417	12.2%	288,087	10.1%
United States	469,179	13.4%	380,871	13.4%
China	274,549	7.8%	126,046	4.4%
India	814,005	23.2%	477,627	16.8%
Brazil	620,045	17.7%	531,245	18.7%
Mexico	179,426	5.1%	359,708	12.6%
Rest of the world	406,044	11.7%	385,886	13.6%
Total	**3,503,802**	**100%**	**2,846,157**	**100%**

Total assets

The detail, by geographical segment, of the total assets at December 31, 2015 and 2014 is as follows:

	12.31.2015		12.31.2014	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	1,711,184	36.9%	1,843,676	43.4%
Rest of Europe	334,582	7.2%	282,570	6.6%
United States	539,153	11.6%	438,254	10.2%
China	409,490	8.8%	321,404	7.6%
India	716,370	15.4%	484,755	11.4%
Brazil	499,695	10.8%	423,214	10.0%
Mexico	219,289	4.7%	276,859	6.5%
Rest of the world	210,902	4.6%	181,118	4.3%
Total	**4,640,665**	**100%**	**4,251,850**	**100%**

Investment in assets

The detail, by geographical segment, of the investments in property, plant and equipment and other intangible assets at December 31, 2015 and 2014 is as follows:

	12.31.2015		12.31.2014	
Geographical area	**Thousands of euros**	**%**	**Thousands of euros**	**%**
Spain	76,453	45.5%	72,870	65.6%
Rest of Europe	4512	2.7%	6,917	6.2%
United States	9,324	5.6%	11,290	10.2%
China	13,388	8%	4,253	3.8%
India	41,711	24.8%	5,033	4.6%
Brazil	18,061	10.8%	10,318	9.3%
Mexico	3,548	2.1%	358	0.3%
Rest of the world	861	0.5%	47	0.0%
Total	**167,858**	**100%**	**111,086**	**100%**

8. Goodwill

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

Thousands of euros	**12.31.2015**	**12.31.2014**
"Wind Turbines" cash generating unit	266,862	266,862
"Operation and Maintenance" cash generating unit	121,548	119,894
Total	**388,410**	**386,756**

On July 29, 2015, the GAMESA Group subscribed a purchase-sale agreement for the acquisition of 100% of B9 Energy O&M Limited share capital, a North Irish company mainly dedicated to the maintenance of wind farms both in Ireland and in the United Kingdom for an amount of €2,687 thousands.

Goodwill that arose from that operation amounted to €1,654 thousands and has been totally assigned to the “Operation and Maintenance” cash generation unit.

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 "Operation 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 cash generation 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 5 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 8.5%.

From a business standpoint, the following key assumptions were made in 2015:

- Growth in the MW sold (3,180 MW in 2015), in line with the Business Plan 2015-17 fundamentally due to the increase in overall demand, particularly in markets of emergent countries.
- Growth in operating margins (7.6% approximately of EBIT margin in 2015) in line with the Business Plan 2015-17 due to the increase in activity, the launch of new products, the optimization of variable costs and the reduction of fixed costs.
- Investment control in line with the Business Plan´s guides, and progressive improvement in line with the Business Plan 2015-17, of working capital over sales ratio, 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, 2015.

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 5 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 8.5%.

From a business standpoint, the following key assumptions were made in 2015:

- Growth in the MW maintained over the coming years in accordance with the Business Plan 2015-17.
- Increase in the EBIT margin above the wind turbine segment, in line with the Business Plan 2015-17 and in line with the improvement of 2015 (approximately 13.4% EBIT margin in 2015).

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, 2015.

In addition, from a perspective of analysing sensitivity, at December 31, 2015 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, 2015 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 2015 and 2014 were as follows:

Thousands of euros	Development Costs	Concessions, patents, licenses, trademarks and similar	Computer software	Prepayments	Total
Cost					
Balance at 01.01.2014	**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 currency	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**
Additions	44,234	2,263	5,623	3,400	55,520
Disposals	(257,155)	-	(751)	-	(257,906)
Exchange differences in foreign currency	2,417	361	215	-	2,993
Transfers	-	-	2,909	(2,909)	-
Balance at 12.31.2015	**326,416**	**30,683**	**91,791**	**1,144**	**450,034**
Depreciation					
Balance at 01.01.2014	**(181,833)**	**(21,747)**	**(52,178)**	**-**	**(255,758)**
Charge for the year (Note 29.E)	(21,668)	(108)	(9,362)	-	(31,138)
Disposals	641	-	73	-	714
Exchange differences in foreign currency	(138)	(21)	(164)	-	(323)
Transfers	(511)	(190)	457	-	(244)
Balance at 12.31.2014	**(203,509)**	**(22,066)**	**(61,174)**	**-**	**(286,749)**
Charge for the year (Note 29.E)	(22,911)	(191)	(9,135)	-	(32,237)
Disposals	22,133	-	721	-	22,854
Exchange differences in foreign currency	(124)	(14)	(112)	-	(250)
Transfers	-	-	-	-	-
Balance at 12.31.2015	**(204,411)**	**(22,271)**	**(69,700)**	**-**	**(296,382)**
Impairment losses					
Balance at 01.01.2014	**(125,531)**	**-**	**(35)**	**-**	**(125,566)**
Impairment loss recognised in the year	-	-	-	-	-
Exchange differences in foreign currency	(2,065)	-	-	-	(2,065)
Transfers	385	(420)	35	-	-
Balance at 12.31.2014	**(127,211)**	**(420)**	**-**	**-**	**(127,631)**
Impairment loss recognised in the year	2,600	-	-	-	2,600
Exchange differences in foreign currency	(1,912)	-	-	-	(1,912)
Disposals and reversal of impairment losses corrections and other	109,266	**-**	**-**	**-**	109,266
Balance as at 12.31.2015	**(17,257)**	**(420)**	**-**	**-**	**(17,677)**
Total other intangible assets at 12.31.2014	**206,200**	**5,573**	**22,621**	**653**	**235,047**
Total other intangible assets at 12.31.2015	**104,748**	**7,992**	**22,091**	**1,144**	**135,975**

During 2015 and 2014, the main increase in "Development costs" is due to the development of the "WTG" division (mainly in the subsidiary Gamesa Innovation and Technology, S.L. Unipersonal), of new wind turbine models and optimization of the components performance for an amount of €42,058 thousands and €45,473 thousands, approximate and respectively.

The remaining capitalized development expenditure corresponds to improvements in technology fully in use, in accordance with the business plan 2015-2017.

At December 31, 2014 the most significant development project relates to the Multi-MW platform which allows the development of both onshore and offshore projects and that took part in the transmission of offshore business to Adwen Offshore, S.L. in 2015 as described in Note 11, and whose effect made this section decrease for an amount of €145,755 thousands.

The impairment provision reflected at December 31, 2015, 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.

Research and development expenses not capitalised during 2015 amounted €24 million (€26 million in 2014).

Fully depreciated intangible assets in use at December 31, 2015 and 2014 amounted approximately €247,720 thousands and €245,791 thousands, respectively.

At December 31, 2015, the GAMESA Group had intangible asset purchase commitments amounting to €2,151 thousands (€2,069 thousands in December 31, 2014).

10. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheet in 2015 and 2014 were as follows:

Thousands of euros	Land and buildings	Technical facilities and machinery	Other property, plant and equipment	Property, plant and equipment under construction	Total
Cost					
Balance at 01.01.2014	**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**
Chane in the consolidation scope (Note 2.G)	-	695	613	(74)	1,234
Additions	813	20,172	43,114	48,239	112,338
Disposals	(1,442)	(21,382)	(25,962)	(1,972)	(50,758)
Exchange differences in foreing currency	8,661	3,301	4,261	(1,554)	14,669
Transfers	8,004	2,631	32,559	(30,346)	12,848
Balance at 12.31.2015	**236,978**	**339,537**	**497,227**	**31,889**	**1,105,631**

Thousands of euros	Land and buildings	Technical facilities and machinery	Other property, plant and equipment	Property, plant and equipment under construction	Total
Depreciation					
Balance at 01.01.2014	**(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 29.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)**
Change in the consolidation Scope (Note 2.G)	-	(443)	(436)	-	(879)
Charge for the year (Note 29.E)	(8,486)	(21,290)	(34,040)	-	(63,816)
Disposals	1,440	6,892	11,187	-	19,519
Exchange differences in foreign currency	(2,405)	(1,240)	(4,118)	-	(7,763)
Transfers	2	2,880	(18,217)	-	(15,335)
Balance at 12.31.2015	**(75,794)**	**(190,249)**	**(340,220)**	**-**	**(606,263)**
Impairment losses					
Balance at 01.01.2014	**(27,915)**	**(63,036)**	**(74,484)**	**-**	**(165,435)**
Change in the consolidation scope (Note 2.G)	9,192	-	-	-	9,192
Application recognized in the year	(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)**
Change in the consolidation scope (Note 2.G)	(30)	-	-	-	(30)
Application recognized in the year	-	-	-	-	-
Impairment loss recognised in the year	(2,936)	-	659	-	(2,277)
Disposals	-	7,227	85	-	7,312
Exchange differences in foreign currency	(547)	-	(3,219)	-	(3,766)
Transfers	6,114	(6,112)	2,336	-	2,338
Balance at 12.31.2015	**(19,141)**	**(51,157)**	**(69,899)**	**-**	**(140,197)**
Total Assets at 12.31.2014	**132,855**	**104,800**	**78,286**	**17,596**	**333,537**
Total Assets at 12.31.2015	**142,043**	**98,131**	**87,108**	**31,889**	**359,171**

A. INVESTMENTS FOR THE FINANCIAL YEAR

The main additions in 2015 are related mainly to three new production lines of blades G114 in India, as well as the purchase of molds associated to blades G114 among the different productive plants. The main additions of 2014 correspond mainly to the nacelle assembly plant in Brazil and with the the purchase of molds associated with the launch of new blade models G114 and G132.

The disposals during the year 2015, are basically related to the disposal of various plants, closed production lines or production lines with no activity in Spain and USA which were fully depreciated or provisioned, and with the transmission of a wind facility in Arinaga (offshore prototype) to

Adwen Offshore, S.L. (Note 11) in 2015 whose effect has led to a decrease of €15,498 thousands.

The provisions at December 31, 2015 and 2014 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, 2015 and 2014, GAMESA has no financial leases.

C. TOTALLY DEPRECIATED ASSETS

The amounts of operating tangible assets fully depreciated at December 31, 2015 and 2014 amounted €355,601 thousands and €302,899 thousands, respectively. At December 31, 2015 and 2014, most of them correspond to molds and tools for the manufacture of wind turbines.

D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

At December 31, 2015 the GAMESA Group companies had plant and equipment purchase commitments amounting €29,263 thousands (€8,171 thousands in 2014) approximately, related mainly to production facilities and new developments of wind facilities and its components.

E. INSURANCE COVERAGE

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

11. Investments carried under the equity method

The breakdown of the investments in associates of the GAMESA Group at December 31, 2015 and 2014 is as follows:

Company	Shareholding %	Thousands of euros	
		12.31.2015	12.31.2014
Adwen Offshore, S.L. (Note 2.G)	50%	74,064	-
Windar Renovables, S.L. (Note 32)	32%	41,468	41,207
9Ren España, S.L.	49%	6,624	14,651
Others	-	4,870	345
Total		**127,026**	**56,203**

The changes in 2015 and 2014 in this heading in the consolidated balance sheet were as follows:

	Thousands of euros	
	2015	2014
Beginning Balance	**56,203**	**60,037**
Changes in consolidation scope (Note 2.G)	100,000	(30)
Profit for the year	(24,988)	(667)
Others	(4,189)	(3,137)
Ending Balance	**127,026**	**56,203**

The heading "Changes in the consolidation scope" includes:

Year 2015

On March 9, 2015, the GAMESA Group signed with Areva S.A. (hereinafter "AREVA") and other companies of its group the necessary agreements for the constitution of a new society participated company by both groups at 50% to which each part provides with its offshore business and through which this business is exclusively developed. The signature of these agreements took place once all the required authorizations and the precedent conditions that were agreed on July 7, 2014 were met. The new company, Adwen Offshore, S.L. (hereinafter "Adwen" or "JV" has its registered office in Zamudio (Spain) and employ, together with its subsidiaries, 700 employees in its headquarters of Spain, France, Germany and United Kingdom.

Regarding the agreements reached for the constitution of the JV, the GAMESA Group has provided with its offshore business whose new assets amounted a book value of €161,253 thousands that mainly correspond to development and prototype expenses related with the Multi-MW platform (Notes 9 and 10).

In compensation, the GAMESA Group registered an investment in its consolidated balance by the equity method for the fair value of the stake of the business for an amount of €100,000 thousands and a debit balance of €95,000 thousands recorded in the section "Other non-current financial assets, associated companies", that accrued an interest of Euribor plus 2% with maturity until 2024 and delivering to a net tax (€8,166 thousands) capital gain of €20,998 thousands. The gross amount of the capital gain once the costs related to the operation are discounted, has decreased to €29,164 thousands and was registered in "Profit/loss on disposal of non-current assets and impairment of assets" of accompanying consolidated income statement at December 31, 2015.

Within the partners' agreement for the joint management of the business, both GAMESA and AREVA maintain certain commitments related to the transmission of stakes and the obtaining of external financing. Additionally, the GAMESA Group has given several guarantees required by the activity of the JV that amount €304 million at December 31, 2015 as well as other guarantees for the financing consecution for an amount of €68.4 million. The GAMESA Group does not maintain with the JV other commitments or contingencies different to the ones mentioned above.

In 2015, it took place the disposal of New Broadband Network Solutions, S.L. (Note 2.G). Since it was fully provisioned, it did not have any impact on the Consolidated Annual Accounts at December 31, 2015.

Year 2014

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

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognised using the equity method at December 31, 2015 and 2014 is as follows:

Financial information related to joint ventures

Financial information summarized at December 31, 2015 (at 100% and before the intercompany eliminations) related to the most significant joint ventures registered by equity method is as follows:

	Thousands of euros
Year 2015	**Adwen Offshore, S.L. and subsidiaries**
Total non-current assets	483,496
Total current assets	473,305
TOTAL ASSETS	**956,801**
Total equity	148,128
Total non-current liabilities	571,256
Total current liabilities	237,417
TOTAL LIABILITIES AND EQUITY	**956,801**

	Thousands of euros
Year 2015	**Adwen Offshore, S.L. and subsidiaries**
Income from ordinary activities	37,599
Depreciation and amortization	(10,699)
Interest income	285
Interest expenses	(5,846)
Expenditure / income on the income tax	(333)
Net profit from continuing operations	(52,065)
Other overall result	-
Total global result	**(52,065)**
Other Information	
Cash and cash equivalents	90,409
Current financial liabilities (*)	(147,038)
Non-current financial liabilities (*)	(381,125)

(*) Excluding commercial creditors and other accounts payable. €57 million of these amounts correspond to long term bank borrowings. The rest corresponds to loans received by both partners, of which €97 million have been contributed by the GAMESA Group.

Financial information related to associated companies

Financial information summarized at December 31, 2015 and 2014 (at 100% and before the intercompany eliminations) related to the most significant associated companies registered by equity method is as follows:

Year 2015	Windar Renovables, S.L. and subsidiares. (Thousands of euros)	9Ren España, S.L. (Thousands of euros)
Total non-current assets	59,528	5,875
Total current assets	139,600	27,521
TOTAL ASSETS	**199,128**	**33,396**
Total equity	64,280	22,731
Total non-current liabilities	12,667	1,325
Total current liabilities	122,181	9,340
TOTAL EQUITY AND LIABILITIES	**199,128**	**33,396**

Year 2015	Windar Renovables, S.L. and subsidiares (Thousands of euros)	9Ren España, S.L. (Thousands of euros)
Income from ordinary activities	191,277	11,567
Net profit continuing operations	10,337	(618)
Profit after tax from non-continuing operations	-	-
Other global reuslt	-	-
Total global result	**10,337**	**(618)**

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

Year 2014	Windar Renovables, S.L. and subsidiaries (Thousands of euros)	9Ren España, S.L. (Thousands of euros)
Income from ordinary activities	146,478	2,980
The net result of the period of continuing operations	6,719	(5,468)
After-tax result of interrupted activities	-	-
Another overall result	-	-
Total global result	**6,719**	**(5,468)**

On June 23, 2015, the investee company 9Ren España, S.L. has agreed on the refund of the share premium for an amount of €12,000 thousands. Of this amount, €5,880 thousands correspond to GAMESA. Additionally, on February 16, 2015, the investee company Windar Renovables, S.L. has agreed on the distribution of a dividend being €3,006 thousands the amount corresponding to GAMESA.

During 2014, dividends from these companies were not received.

Furthermore, 9Ren España, S.L. has obtained a negative profit of €0.6 million in 2015, in line with the estimated Business Plan and without changes in the future estimations. Consequently, the fair value analysis was not modified. That fair value has been estimated based on estimated future cash flows for the following years that were considered in the new updated business plan and considering a period of 5 years, with a growth interest of 1.5% and a discount interest based on WACC that is expected on 11%. From a business perspective, the following hypotheses have been considered in 2015:

- Increase of the maintained MW in the renewable sector during the following years reaching a target level in 2018, mainly due to the expansion to the power maintenance market from 2016.
- Increase of the EBIT margin reaching a target level of approximately 8% in 2018 mainly due to the improvement of structural and variable costs.

On the other hand, on October 7, 2010, GAMESA acquired 1,802,140 shares of the North American company Worldwater & Solar Technologies, Inc., which corresponded to the 25.67% of the total share capital, for an amount of €2,243 thousands. As it is mentioned in Note 2.G, this company was sold in 2014 without significant impact to the GAMESA Group.

12. Financial instruments by category

A. *COMPOSITION AND BREAKDOWN OF FINANCIAL ASSETS*

The breakdown of the GAMESA Group financial assets at December 31, 2015 and 2014, presented by nature and category for measurement purposes:

Year 2015	**Thousands of euros**					
Financial assets: Nature / Category	**Other financial assets at fair value through changes in P&L**	**Held-for-sale financial assets (Note 13)**	**Loans and Receivables**	**Held-to-maturity investments**	**Hedge derivatives (Note 22)**	**Total**
Derivatives (Note 22)	-	-	-	-	7,584	7,584
Other financial assets (Note 13)	-	36,423	103,267	-	-	139,690
Long- term / non-current	**-**	**36,423**	**103,267**	**-**	**7,584**	**147,274**
Derivatives	-	-	-	-	9,662	9,662
Other financial assets	-	-	24,348	-	-	24,348
Trade and other receivables	-	-	1,112,590	-	-	1,112,590
Short-term / current	**-**	**-**	**1,136,938**	**-**	**9,662**	**1,146,600**
Total		**36,423**	**1,240,205**	**-**	**17,246**	**1,293,874**

Year 2014	**Thousands of euros**					
Financial assets: Nature / Category	**Other financial assets at fair value through changes in P&L**	**Held-for-sale financial assets (Note 13)**	**Loans and Receivables**	**Held-to-maturity investments**	**Hedge derivatives (Note 22)**	**Total**
Derivatives (Note 22)	-	-	-	-	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 receivables and other	-	-	1,164,635	-	-	1,164,635
Short Term / currents	**-**	**-**	**1,185,784**	**-**	**8,963**	**1,194,747**
Total	**-**	**35,683**	**1,188,942**	**-**	**10,827**	**1,235,452**

B. COMPOSITION AND BREAKDOWN OF FINANCIAL LIABILITIES

The breakdown of the Group's financial liabilities at December 31, 2015 and 2014, presented by nature and category for measurement purposes:

Year 2015 **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	-	444,902	-	444,902
Derivatives	-	-	3,869	3,869
Other financial liabilities	-	43,940	-	43,940
Long-term debts / Non-current financial liabilities	**-**	**488,842**	**3,869**	**492,711**
Bank borrowings	-	102,899	-	102,899
Derivatives	-	-	4,265	4,265
Other financial liabilities	-	89,326	-	89,326
Trade and other payables	-	1,937,622	-	1,937,622
Short-term debts / Current financial liabilities	**-**	**2,129,847**	**4,265**	**2,134,112**
Total	**-**	**2,618,689**	**8,134**	**2,626,823**

Year 2014 **Financial liabilities: Nature / Category**	**Thousands of euros** **Other financial liabilities to FV with changes in results**	**Debits and Payables**	**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**

13. Non-current financial assets

The changes in “Other intangible assets” in the attached consolidated balance sheet of 2015 and 2014 were as follows:

Year 2015	Thousands of euros						
	Balance at 12.31.2014	Additions	Exchange differences in foreign currency	Disposals	Transfers	Changes in scope	Balance at 12.31.2015
Derivatives (Notes 12 and 22)	1,864	7,361	-	(1,641)	-	-	7,584
Securities portfolio (Note 12)	35,683	-	1,166	(246)	(180)	-	36,423
Other non-current financial assets (Note 12)	3,158	597	27	(547)	183	(34)	3,384
Other non-current financial assets from related companies (Note 11)	-	99,883	-	-	-	-	99,883
Total	**40,705**	**107,841**	**1,193**	**(2,434)**	**3**	**(34)**	**147,274**

Year 2014	Thousands of euros						
	Balance at 12.31.2013	Additions	Exchange differences in foreign currency	Disposals	Transfers	Changes in scope	Balance at 12.31.2014
Derivatives (Notes 12 and 22)	186	1,864	-	(186)	-	-	1,864
Securities portfolio (Note 12)	38,774	2,515	1,495	(7,101)	-	-	35,683
Other non-current financial assets (Note 12)	2,777	734	71	(394)	-	(30)	3,158
Total	**41,737**	**5113**	**1,566**	**(7,681)**	**-**	**(30)**	**40,705**

A. INVESTMENT SECURITIES

The detail of the cost of acquisition of the most representative long-term investment securities at December 31, 2015 and 2014 is as follows:

	Thousands of euros		% of Shareholding 12.31.2015	% of Shareholding 12.31.2014
	12.31.2015	12.31.2014		
Jianping Shiyingzi Wind Power Co. Ltd.	4,437	4,437	25%	25%
Wendeng Zhangjiachan Wind Power Co. Ltd.	7,651	7,651	39%	39%
Neimenggu Huadian Meiguiying Wind Power Co. Ltd.	11,870	11,122	25%	25%
CGN Changgao Wind Power Co. Ltd	4,318	4,318	25%	25%
Cheng Dingshan	5,77	5,406	25%	25%
Others	2,377	2,749	Several	Several
Total	**36,423**	**35,683**		

In 2015 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% (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 at their acquisition cost.

During 2015, several dividends were received from these stakes for an amount of €3,640 thousands that were registered in “Financial Income” of the accompanying income statement of 2015.

During the year 2014, the company proceeded to conduct the sale of the stake in three of the mentioned Chinese companies amounting €10,416 thousands, and obtaining a performance of €3,315 thousands, registered in the heading "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, 2015 and 2014 of the GAMESA Group is as follows:

	Thousands of euros			
	12.31.2015	**12.31.2014**	**Interest Rate**	**Maturity**
Deposits and guarantees provided long term (Note 29.D)	3,366	3,140	Euribor + margin	2017-2018
Other long-term loans	18	18	Euribor + margin	2017
Total	**3,384**	**3,158**		

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 (Note 29.D).

14. Inventories

The composition of this heading at December 31, 2015 and 2014 is as follows:

	Thousands of euros	
	12.31.2015	**12.31.2014**
Raw and auxiliary materials	427,260	330,240
Work in progress and finished goods	328,751	241,962
Prepayments to suppliers	142,202	74,589
Inventory write-downs	(94,954)	(82,299)
Total	**803,259**	**564,492**

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

	Thousands of euros	
	2015	**2014**
January 1	82,299	95,016
Impairment/(Reversal) during the year (Note 29.E)	19,476	(7,978)
Provisions used for their intended purpose	(6,821)	(4,739)
At December 31	**94,954**	**82,299**

Movements in the provision for impairment of inventories in 2015 correspond mainly to the provision of certain promotions. Apart from this, the reversal of the impairment of 2014 corresponds to the reversion of the impairment of the spare parts associated to the operation and maintenance activity, since higher activity volume was registered.

Provisions currently accounted in this heading at December 31, 2015 and 2014 basically refer to the amount accrued in prior years because of the effect of changes in technologies.

At December 31, 2015 and 2014, 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, 2015 and 2014 is as follows:

Thousands of euros	12.31.2015	12.31.2014
Trade and other receivables	564,494	568,071
Construction contract receivables (Notes 3.B and 17)	451,990	507,719
Impairment due to uncollectible receivables	(27,646)	(23,193)
Total	**988,838**	**1,052,597**

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 value.

The heading "Impairment due to uncollectible receivables" includes the balances receivable in relation to which there are doubts as to their recoverability (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 not matured items.

The carrying value of the receivables and other receivables in foreign currency at December 31, 2015 and 2014 in as follows:

Currency	Equivalent value in thousands of euros	
	12.31.2015	12.31.2014
Moroccan Dirham	937	7,761
US Dollar	289,265	181,114
Egyptian Pound	18,976	13,067
Chinese Yuan	136,709	106,919
Polish Zloty	2,463	176
Indian Rupee	295,356	214,583
Brazilian Real	151,969	128,386
Mexican Peso	35,200	17,574
Other currencies	3,906	14,095
Total	**934,781**	**683,675**

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	
	2015	2014
January 1	23,193	15,500
Reversal of unused amounts	1,924	14,741
Accounts receivable removed for uncollectible	(948)	(9,856)
Transfers	3,324	2,507
Exchange differences	153	301
At December 31	**27,646**	**23,193**

16. Cash and other cash equivalents

The breakdown of “Cash and cash equivalents” in the accompanying consolidated balance sheets at December 31, 2015 and 2014 is as follows:

	Thousands of euros	
	12.31.2015	12.31.2014
Cash in euros	146,198	149,803
Cash in foreign currency (Note 3.L)	355,040	429,497
Liquid assets in less than three months	368,095	231,729
Total	**869,333**	**811,029**

“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 2015 and 2014 amounted €188,169 thousands and €167,504 thousands, respectively, and are recognised under the heading “Revenue” in the consolidated income statements of 2015 and 2014. For contracts in progress at December 31, 2015, the accumulated amounts of costs incurred and revenues recognised until that date amounted €1,700,415 thousands (€1,775,149 thousands for the contracts in progress at December 31, 2014).

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, 2015, amounted €451,990 thousands (€507,719 thousands at December 31, 2014) (Note 15). No contractual customers’ receivables, net of prepayments, are recorded in discontinued operations (Note 36) due to sales recognised by the stage of completion at December 31, 2014 and 2015.

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, 2015, amounted to €31,670 thousands (€54,816 thousands at December 31, 2014).

18. Equity of the Parent Company

A. SHARE CAPITAL

The Share capital of Gamesa Corporación Tecnológica, S.A. at December 31, 2015 and 2014 amounts to €47,476 thousands being composed of 279,268,787 ordinary shares of €0.17 of nominal value each, represented by means of annotations into account, fully subscribed and disbursed.

In September 2014 the company approved a capital increase through the issuance of 25,388,070 actions of €0.17 of nominal value each, with a share premium of €9.13 per action. 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.

According to information of the company, the shareholder structure of GAMESA at December 31, 2015 and 2014 was as follows:

	% Shareholding 12.31.2015	% Shareholding 12.31.2014
Iberdrola, S.A.	19.69%	19.69%
Blackrock Inc. (****)	3.17%	3.21%
Norges Bank (***)	-	3.02%
Dimensional Fund Advisors LP (**)	-	2.68%
Fidelity International Limited (*****)	1.10%	-
Others (*)	76.04%	71.40%
Total	**100.00%**	**100.00%**

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

(**) According to the records of the National Securities Market Commission the Company DIMENSIONAL FUND ADVISORS LIMITED held at December 31, 2014 a shareholding stake exceeding 3% of the share capital of Gamesa Corporación Tecnológica, S.A. and is therefore a significant shareholder.

(***) According to the records of the National Securities Market Commission the company Norges Bank held at December 31, 2014 a stake exceeding 3% of Gamesa Corporación Tecnológica, S.A. is therefore a significant shareholder. However, at December 29, 2015 Norges Bank has communicated to the National Securities Market Commission that its stake decreased from 3% on December 22, 2015, becoming a not significant shareholder since that date.

(****) According to the records of the National Securities Market Commission the company Blackrock Inc. held at December 31, 2015 part of their stake (0.166%) in the capital of GAMESA Technological Corporation, S.A. in voting rights linked to the settlement of financial instruments.

(*****) Significant shareholder under article 32 of the Royal Decree 1362/2007 of October 19, on shareholders required to notify their stake due to his residence in a tax heaven or in a country or land of zero taxation or with no effective exchange of tax information.

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 Bilbao, Madrid, Barcelona and Valencia and Stock Exchanges.

The main objectives of the GAMESA Group’s share 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 them ensuring 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, 2015, 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 company was -19.24% (-9.90% in December 31, 2014),

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	
	12.31.2015	12.31.2014
Non-current liabilities		
Bank borrowings and other non-current liabilities (Notes 21 and 24)	475,689	570,927
Current liabilities		
Bank borrowings and other current liabilities (Notes 21 and 24)	108,960	99,561
Total bank borrowings	**584,649**	**670,488**
Total derivative financial instruments	**(9,112)**	**3,359**
Cash and other cash equivalents (Note 16)	**(869,333)**	**(811,029)**
Bank borrowings net of cash	**(293,796)**	**(137,182)**
Total Equity of the Parent Company	**1,526,908**	**1,385,320**
Proportion of debt (net of cash) and equity attributable to the Parent company	**(19.24%)**	**(9.90%)**

B. SHARE PREMIUM

The Spanish Companies Act expressly allows the use of the share premium account to increase share capital and it does not stablish any specific restrictions with respect to the availability of this balance,

C. UNREALISED ASSET AND LIABILITY REVALUATION RESERVE

The changes in this reserve in 2015 and 2014 were as follows:

	Thousands of euros						
	12.31.2013	Change in fair value	Taken to profit and loss	12.31.2014	Change in fair value	Taken to profit and loss	12.31.2015
Cash-flow hedges							
Interest rate swaps (Note 22)	(2,580)	65	1,857	(658)	(2,139)	672	(2,125)
Securities of electricity prices	-	-	-	-	9	-	9
Currency forwards (Note 22)	2,999	(782)	1,083	3,300	11,389	(1,188)	13,501
	419	**(717)**	**2,940**	**2,642**	**9,259**	**(516)**	**11,385**
Deferred taxes due to the remeasurement of unrealised assets and liabilities (Note 25)	**(231)**	**245**	**(894)**	**(880)**	**(3,000)**	**170**	**(3,710)**
Total	**188**	**(472)**	**2,046**	**1,762**	**6,259**	**(346)**	**7,675**

D. OTHER RESERVES

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

	Thousands of euros	
	12.31.2015	12.31.2014
Restricted reserves		
Legal reserve	9,494	8,632
Reserve for redenomination of capital in euros	1	1
Reserve for treasury shares	46,244	24,873
	55,739	**33,506**
Voluntary reserves	**380,156**	**352,620**
Reserves attributable to the consolidated companies	**541,026**	**497,992**
Reserves for companies consolidated using the equity method (Note 11)	(56,218)	(31,230)
Reserves of fully consolidated companies	597,244	529,222
Total reserves	**976,921**	**884,118**

Legal reserve

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

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose. At the end of 2015 the legal reserve is fully constituted.

E. TREASURY SHARES

The detail of the total number of treasury shares as well as the ones of the heading "Equity - Of the parent - treasury shares", as a result of the transactions performed in 2015 and 2014, is as follows:

	Number of Shares	Thousands of euros
Balance at January 1, 2014	**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)**
Acquisitions	32,771,429	(421,014)
Disposals	(32,808,945)	399,643
Balance at December 31, 2015	**3,116,702**	**(46,244)**

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 2015 or 2014.

On October 30, 2012 Gamesa Corporación Tecnológica, S,A, concluded a liquidity agreement with Santander Investment Bolsa, which was reported to the National Securities Market Comission on a Relevant Event of October 31, 2012. Within the framework of the aforementioned contract, in 2015 GAMESA acquired 32,771,429 treasury shares at an average price of 12.85 euros and sold 32,808,945 treasury shares at an average price of 12.18 euros. The difference between the cost price and the selling price amounting €120 thousands was recorded in "Voluntary reserves".

During the year 2014, Gamesa acquired 38,166,378 shares at an average price of 8.36 euros and sold 38,083,747 shares at an average price of 8.28 euros. The difference between the cost price and the selling price, amounting to €1,653 thousands, was recorded in "Voluntary Reserves".

2013-2015 Incentive Plan

On April 19, 2013, the Shareholders 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 amounting 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 75 beneficiaries (77 beneficiaries in 2014), 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 amounting €1,639 thousands under "Personnel expenses" in the accompanying consolidated income statement for 2015, crediting the heading "Other reserves" under equity in the accompanying consolidated balance sheet at December 31, 2015 (€2,729 thousands in 2014).

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 3 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 €4,850 thousands (€5,295 thousands in 2014) to the heading "Other non-current liabilities" and "Other current liabilities" under non-current liabilities in the accompanying consolidated balance sheet at December 31, 2015, 100% of the targets associated with this incentive are assumed to have been met (85% in 2014).

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 2015 and 2014 is as follows:

	Thousands of euros
Balance at January 1, 2014	**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**
Profit for the year	(342)
Changes in the consolidation scope (Note 2.G)	-
Other movements	545
Balance at December 31, 2015	**296**

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, 2015 and 2014.

20. Differences on exchange

The GAMESA Group decided in previous year to capitalise monetary balances with foreign subsidiaries in order to maintain the financing necessary to grow those business within the framework of the approved business plans, or re-establish their financial position, if necessary. As a result of this decision, 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 the decision date and the formal debt capitalisation date, or December 31, 2015 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), being its amount at December 31, 2015 €12,149 thousands (negative) of which €10,340 thousands correspond to Brazilian reales and €1,809 thousands to indian rupees (€1,322 thousands at December 31, 2014, negative, all of them corresponding to indian rupees).

21. Borrowings

Bank borrowings in the accompanying consolidated balance sheet at December 31, 2015 and 2014 as well as the maturity dates, are as follows:

		Debts at December 31, 2015 maturing at						
	Carrying Value	Short Term	Non-current					
	Balance at 12.31.2015	2016	2017	2018	2019	2020	2021 and subsequent	Total Non-current
Accrued interest not paid	1,085	1,085	-	-	-	-	-	-
Loans	479,853	41,087	19,113	150,802	268,851	-	-	438,766
Payables for loan draw downs	294	294	-	-	-	-	-	-
Payables for discounted bills	925	925	-	-	-	-	-	-
Loans in euros	**482,157**	**43,391**	**19,113**	**150,802**	**268,851**	**-**	**-**	**438,766**
US Dollar	31,940	31,940	-	-	-	-	-	-
Indian Rupee	6,942	6,942	-	-	-	-	-	-
Chinese Yuan	16,045	16,045	-	-	-	-	-	-
Brazilian Real	5,523	4,230	1,293	-	-	-	-	1,293
Others	5,194	351	362	383	404	428	3,266	4,843
Loans and credits facilities denominated in foreign currency (Note 3.L)	**65,644**	**59,508**	**1,655**	**383**	**404**	**428**	**3,266**	**6,136**
Total	**547,801**	**102,899**	**20,768**	**151,185**	**269,255**	**428**	**3,266**	**444,902**

	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	-	-	-	-	-	-
Loans in euros	**590,021**	**62,710**	**7,538**	**47,870**	**162,300**	**269,603**	**40,000**	**527,311**
US Dollar	1,889	1,889	-	-	-	-	-	-
Indian Rupee	22,576	22,576	-	-	-	-	-	-
Others	5,408	5,408	-	-	-	-	-	-
Loans and credits 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**

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. These loans will be drawn down in two tranches: €150,000 thousands and €80,000 thousands, respectively. On December 20, 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 was amortised in advance at December 15, 2014.

On December 19, 2008, Gamesa Eólica, S.L. Unipersonal entered into a financing agreement with the European Investment Bank for a maximum of €200 million, divided into two parts, €140 million and €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 were fully disposed at December 31, 2014. On March 31, 2015, Gamesa Eólica, S.L. Unipersonal partially and in advance amortised €40 million of this loan, so being the rest of the loan disposed at December 31, 2015 amounting €160 million.

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, 2014 and 2015.

At June 3, 2014, GAMESA signed a novation of a syndicated credit line contract ("revolving") amounting €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 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 3.6 million euros. Additionally, on December 17, 2015, GAMESA signed a new novation of that credit line, maintaining the limit amount on €750 million and extending its maturity to 2021. At December 31, 2015 GAMESA did not disposed any amount.

At December 31, 2015, the GAMESA Group companies had been granted loans and undrawn credit facilities that accounted for 66.42% (60.77% at December 31, 2014) of the total financing granted to it, which mature between 2016 and 2026 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at December 31, 2015 and 2014 bore annual weighted average interest at approximately 2.56% and 2.68%, respectively, at that date.

At December 31, 2015 the companies of the Consolidated Group had disposed loan agreements amounting €425 million (€460 million in 2014), 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 meeting these contractual conditions would enable the banks to demand early repayment of the related amounts. At December 31, 2015, the established financial ratios are met and the Group estimates that will be also met in the future.

At December 31, 2015 and 2014, 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, 2015 and 2014 is similar to the carrying value since the debt is subject to variable interest rates and accrued 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, 2015 and 2014 is as follows:

	Thousands of euros			
	Interest rate change			
	2015		**2014**	
	+0.25%	-0.25%	+0.25%	-0.25%
Change in the value of the debt	1,560	(1,560)	2,129	(2,129)

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, 2015 and 2014 is as follows:

	Thousands of euros							
	2015				**2014**			
	Change in the interest rate		**Change in Exchange rate (EUR/foreign currency)**		**Change in the interest rate**		**Change in Exchange rate (EUR/foreign currency)**	
Change in the value of the debt	**+0.25%**	**-0.25%**	**+5%**	**-5%**	**+0.25%**	**-0.25%**	**+5%**	**-5%**
US Dollar	18	(18)	1,521	(1,681)	4	(4)	90	(99)
Chinese Yuan	1	(1)	764	(844)	-	-	-	-
Brazilian Real	28	(28)	263	(291)	-	-	-	-
Swedish Krona	4	(4)	247	(273)	4	(4)	258	(285)
Indian Rupee	36	(36)	331	(365)	156	(156)	1,075	(1,188)

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 (Notes 4.C 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, 2015 and 2014 is as follows:

	Thousands of euros 12.31.2015			
	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	-	60	223	2,247
ELECTRIC PRICES HEDGES				
Cash-flow hedges	-	-	9	-
FOREIGN CURRENCY HEDGES				
Cash/flow hedges				
Exchange insurance	9,362	1,608	7,352	1,622
Fair value hedge				
Exchange insurance	300	2,597	-	-
Total	**9,662**	**4,265**	**7,584**	**3,869**

	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**

In 2015, to offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group recognised an expense of €672 thousands (€1,857 thousands in 2014) under “Finance costs” in the consolidated income statement of 2015 (Note 29.G), and in the heading “Exchange differences” of the consolidated income statement for the 2015 an expense of €1,188 thousands (€1,083 thousands in 2014), accounted under the heading “Equity - Of the parent - unrealised asset and liability revaluation reserve” (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 2016. At December 31, 2015 and 2014 the total nominal value covered by exchange rate hedges is as follows:

Currency	Thousands of euros	
	12.31.2015	12.31.2014
US Dollar	40,636	51,997
Chinese Yuan	95,658	8,246
Brazilian Real	53,124	54,774
Indian Rupee	46,049	9,000
Mexican Peso	8,942	2,086

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, 2015 and 2014, the nominal value of the liabilities hedged by interest rate hedges amounted to €220,777 thousands and €14,407 thousands, respectively.

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

	Estimated period of cash-flows	
Year 2015	**2016**	**2017 and subsequent**
Interest rates	2,234	218,543

No significant ineffectiveness has been detected in the hedges designated by GAMESA Group in 2015 and 2014.

A. CREDIT RISK

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

	2015		2014	
	Thousands of euros	%	Thousands of euros	%
By Geographical area				
Spain	2,398	13.90%	3,851	35.57%
Other European Union countries	-	-	255	2.35%
Rest of the world	14,848	86.10%	6,721	62.08%
Total	**17,246**	**100%**	**10,827**	**100%**
By Counterparty				
Credit institutions	17,246	100%	10,827	100%
Total	**17,246**	**100%**	**10,827**	**100%**

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

	2015		2014	
	Thousands of euros	%	Thousands of euros	%
Risks rated A or A-	7,955	46.13%	2,308	21.32%
Risks rated BBB+	649	3.76%	1,315	12.14%
Risks rated BBB	1,346	7.80%	3,979	36.75%
Risks rated BBB-	-	-	3,225	29.79%
Risks rated BB+	7,296	42.31%	-	-
Total	**17,246**	**100%**	**10,827**	**100%**

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:

	Percentage change in exchange rates			
	2015		2014	
Thousands of euros	**+0.25%**	**-0.25%**	**+0.25%**	**-0.25%**
Change in the value of the hedge	(6)	6	(2)	2

	Percentage change in exchange rates			
	2015		2014	
Thousands of euros	**+5%**	**-5%**	**+5%**	**-5%**
Change in the value of the hedge	(560)	560	(135)	135

23. Provisions for liabilities and charges

The detail of "Provisions for contingencies and charges" on the liabilities of the accompanying consolidated balance sheet and of the changes therein in 2015 and 2014 is as follows:

Thousands of euros	Provisions for litigation, termination benefits, taxes and similar	Provisions for guarantees	Provisions for contracts reflecting losses	Total provisions
Balance at January 1, 2014	**26,714**	**222,046**	**3,810**	**252,570**
Period provisions charged to income statement (Notes 29.E and 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**
Period provisions charged to income statement (Notes 29.E y 29.C)	7,155	104,750	-	111,905
Provisions used for their intended purpose	(7,457)	(80,778)	-	(88,235)
Differences on exchange in foreign currency	(50)	(1,748)	-	(1,798)
Balance at December 31, 2015	**19,070**	**237,842**	**-**	**256,912**

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 guarantees are related basically to the possible repair and start-up expenses which should be covered by the Group during the guarantee 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 that derived from various factors, including customer complaints in the exclusive area of operational activity of the Group, 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 was recorded for liabilities and charges amounting €15 million under the heading "Change in provisions for contracts reflecting losses" in the consolidated income statement for 2012.

During 2013, €11.3 million were applied for this purpose, and a provision pending application amounting €3.8 million remained at December 31, 2013, which was fully applied for this purpose in 2014.

24. Other non-current liabilities

The detail of “Other non-current liabilities” in the accompanying consolidated balance sheets at December 31, 2015 and 2014 is as follows:

	Thousands of euros	
	12.31.2015	**12.31.2014**
Prepayments refundable	30,787	43,616
Other non-current liabilities	13,153	10,013
Total	**43,940**	**53,629**

“Prepayments refundable” includes basically interest-free advances provided to the Group companies Gamesa Innovation and Technology, S.L.U, Gamesa Energy Transmission, S.A.U and Gamesa Electric, S.A.U (the old Cantarey Reinosa, S.A.U) 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, 2015 maturing at						
		Short Term	Non-current					
	Balance at 12.31.2015	**2016**	2017	2018	2019	2020	2021 and subsequent	**Total Long Term**
Prepayments refundable	**36,848**	**6,061**	5,230	4,554	4,654	4,396	11,953	**30,787**

		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**

The financial liability corresponding to these prepayments refundable 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% 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 (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 2015 and 2014 is as follows:

Thousands of euros	**12.31.2014**	**Allocation and/or credit (charge) to income (Note 27)**	**Credit (charge) to asset and liability revaluation reserve**	**Differences on exchange**	**Disposals/ Excluded from consolidation**	**12.31.2015**
Deferred tax assets:						
Revaluation of derivative financial instruments (Note 22)	220	-	1,842	(34)	-	2,028
Tax loss carryforwards	149,717	20,529	-	1,448	-	171,694
Unused tax credits recognised	141,022	(37,460)	-	-	-	103,562
Temporary differences	114,330	32,671	-	(2,113)	(384)	144,504
Total	**405,289**	**15,740**	**1,842**	**(699)**	**(384)**	**421,788**
Deferred tax liabilities:						
Deductible Goodwill	(39,201)	(900)	-	-	-	(40,101)
Revaluation of derivative financial instruments (Note 22)	(1,100)	-	(5,648)	1,010	-	(5,738)
Temporary differences	(43,104)	(27,083)	-	327	51	(69,809)
Total	**(83,405)**	**(27,983)**	**(5,648)**	**1,337**	**51**	**(115,648)**

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	-	-	(1,100)
Temporary differences	(39,989)	(2,556)	-	(559)	-	(43,104)
Total	**(81,232)**	**(4,236)**	**2,622**	**(559)**	**-**	**(83,405)**

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 at December 31, 2015 and 2014 are the following:

	Thousands of euros	
	12.31.2015	12.31.2014
Provisions for liabilities and charges and other provisions	68,044	46,447
Impairment of property, plant and equipment	28,962	30,685
Finance cost	3,291	777
Other temporary differences	44,207	36,421
Total	**144,504**	**114,330**

26. Public administrations

The Parent Company has its tax registered office for tax purposes in Vizcaya, and the tax legislation applicable to 2015 and 2014 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, 2015 and 2014 is as follows:

	Thousands of euros	
	12.31.2015	12.31.2014
Tax receivables		
VAT refundables	121,044	140,369
Tax withholdings and interim payments made	28,065	32,507
VAT refunds receivable and other	58,097	10,437
Grants receivable	5,877	9,216
Total	**213,083**	**192,529**

	Thousands of euros

	12.31.2015	12.31.2014
Tax payables		
VAT payables	52,278	72,742
Withholdings payable	7,718	10,233
Corporate income tax payable	33,024	8,566
Other taxes payable	2,012	2,714
Social security	5,241	5,604
Total	**100,273**	**99,859**

The Parent company is subject to Vizcaya tax legislation and together with its subsidiaries that meet the requirements established in the applicable legislation, based on the special consolidated VAT regime provided for in Chapter IX of Foral regulatory 7/1994 (November 9) of historical territory of Vizcaya which regulates this tax, at its basic level, being GAMESA the Parent company of this Tax Group and its subsidiaries are as follows:

Gamesa Corporación Tecnológica, S.A. (Parent company)	Sistemas Energéticos Sierra de Valdefuentes, S.L.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 Balazote, S.A.U.
Gamesa Inversiones Energéticas, S.A.	Sistemas Energéticos Sierra del Carazo, S.L.U.
International Windfarm Development II, S.L.	Sistemas Energéticos Monte Genaro, S.L.U.
International Windfarm Development III, S.L.	Sistemas Energéticos Argañoso, S.A.U.
Sistemas Energéticas Tarifa, S.A.U.	Sistemas Energéticos Carril, S.A.U.
International Windfarm Development IV, S.L.	Sistemas Energéticos Jaralón, S.A.U.
International Windfarm Development V, S.L.	Sistemas Energéticos Lomas del Reposo, S.A.U.
International Windfarm Development VII, S.L.	International Windfarm Development VI, S.L.
International Windfarm Development IX, S.L.	Cametor, S.L.

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 Sierra de Valdefuentes, S.L.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 Balazote, S.A.U.
Gamesa Venture Capital, S.A.	Sistemas Energéticos Sierra del Carazo, S.L.U.
Gamesa Inversiones Energéticas, S.A.	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.
International Windfarm Development V, S.L.	International Windfarm Development VI, S.L.
International Windfarm Development VII, S.L.	International Windfarm Development IX, S.L.
Gamesa Financiación, S.A.	Cametor, S.L.

Since 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, being Gamesa Eólica, S.L.U. the Parent company of this Tax Group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated federal income tax returns in the US, being Gamesa Technology Corporation, Inc the Parent company 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, 2015 and 2014, 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	
	2015	**2014**
Current taxes	64,310	62,719
Deferred taxes (Note 25)	12,243	(24,600)
Income tax expense/(income)	**76,553**	**38,119**

The income tax expense (income) for 2015 and 2014 was determined as follows:

	Thousands of euros	
	2015	**2014**
Consolidated result before income tax	**253,599**	**134,127**
Permanent differences:		
- Exemption of gains from the sale of wind farms	(669)	(11,103)
- Assignment of intangible assets	(72,460)	(46,862)
- Profits obtained by companies consolidated using the equity method (Note 11)	24,988	667
- Dividends and other permanent differences	39,613	36,845
Adjusted book result	**245,071**	**113,674**
Gross tax at current rate in each country (*)	76,625	35,735
Deductions due to tax incentives and others generated during the year	(6,529)	(7,024)
Temporary differences relating to unrecoverable assets and other adjustments	6,457	9,408
Expense/(revenue) accrued on corporate income tax	**76,553**	**38,119**

(*) The fully consolidated foreign subsidiaries calculate the corporate income tax expense and the tax charges for the various taxes applicable to them according to the legislation, 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 have not been taken into account since there are doubts that they may be realised.

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

Under current legislation, tax losses could be offset for tax purposes against the taxable profits that will foreseeably arise in future periods according to the applicable legislation of each period.

In this sense, the companies of the GAMESA Group have €171,694 thousands in tax-loss carryforwards available to offset in future years (€149,717 thousands in December 31, 2014). Additionally there are still registered unused tax credits amounting €103,562 thousands (€141,022 thousands in December 31, 2014) (Note 25).

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

- Basque tax group for €7,384 thousands (€32,362 thousands in 2014). The recovery of the tax-loss carryforwards and deductions by the basque tax group are reasonably ensured over a period of 10 years. Tax-loss carry forwards and deductions generated by the Basque Tax Group expire for tax purposes in 15 years starting in 2014.
- Navarre tax group for €210,477 thousands (€236,695 thousands in 2014). The recovery of the tax-loss carryforwards and deductions by the Navarre Tax Group are reasonably ensured over a period of 10 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 2015 there were tax-loss carry forwards and deductions to other companies of the group generated amounting €57,395 thousands (€21,990 thousands in 2014) that have yet to be applied and his recovery is assured over a maximum of 5 years.

At December 31, 2015 and 2014, the GAMESA Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised accredited tax loss carryforwards amounting approximately €217,569 thousands (€245,241 thousands at December 31, 2014) and tax deductions amounting approximately €142,231 thousands (€145,529 thousands at December 31, 2014). 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 time limit has ended. At December 31, 2015, in Spain the Group had all years since 2010 open for review for income tax and all years since 2012 for the other taxes applicable to it. The Parent 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, 2015, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting €1,573,793 thousands (€1,435,218 thousands in 2014). The detail by type, of the guarantees received by the GAMESA Group is as follows:

	Thousands of euros	
	12.31.2015	**12.31.2014**
Financing Guarantees	58,481	189,828
Business contract guarantees	1,488,647	1,178,771
Guarantees provided to the government	26,665	66,619
Total	**1,573,793**	**1,435,218**

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, 2015 and 2014 would not be significant.

29. Revenue and expense

A. REVENUE AND OTHER OPERATING INCOME

The detail of these headings in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	2014
Sale of goods (Notes 3.A and 3.B)	2,914,026	2,278,539
Rendering of services	589,776	567,618
Net revenues	**3,503,802**	**2,846,157**
Operating grants (Note 3.M)	664	214
Own work capitalised (Notes 3.D and 3.E)	52,082	52,816
Other revenues	10,702	6,169
Other operating income	**63,448**	**59,199**

B. PROCUREMENTS

The detail of "Procurements" in the consolidated income statements for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Acquisitions of raw materials and other supplies	2,575,159	1,973,835
Changes in inventories of goods held for resale and raw materials (Note 14)	(97,020)	22,235
Total	**2,478,139**	**1,996,070**

C. STAFF COSTS

The breakdown of this balance in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	2014
Wages and salaries	256,369	222,101
Incentive Plan (Note 18.E)	6,489	8,024
Compensations	5,800	1,976
Company Social Security contributions	55,826	57,720
Other benefit expenses	16,566	13,103
Total	**341,050**	**302,924**

The average number of employees and Directors in 2015 and 2014, by professional category, was as follows:

Categories	2015	2014
Board Members	11	10
Senior management	6	5
Directors	98	95
Management personnel	4,077	3,500
Employees	2,588	2,631
Total	**6,780**	**6,241**

The distribution of employees by gender in the year-end 2015 and 2014 is as follows:

	12.31.2015		
	Male	**Female**	**Total**
Board Members	9	3	12
Senior management	6	-	6
Directors	87	12	99
Management personnel	3,321	991	4,312
Employees	2,311	543	2,854
Total	**5,734**	**1,549**	**7,283**

	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**

The average number of employees of the Group in 2015 and 2014, with a disability equal to or greater than 33%, by category, was as follows:

Categories	2015	2014
Management personnel	9	6
Employees	20	12
Total	**29**	**18**

D. OTHER OPERATING EXPENSES

The breakdown of this balance in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	2014
Rent and royalties	40,960	43,183
Repairs, upkeep and maintenance expenses	14,023	12,287
Independent professional services	41,219	48,831
Vehicles	17,143	15,761
Insurance	19,089	17,853
Bank and similar services	12,372	14,469
Advertising, publicity and public relations	3,639	2,979
Utilites	15,460	12,959
Travel Expenses	35,795	33,085
Telecommunications	4,872	4,755
Security	4,622	4,145
Cleaning	1,848	1,956
Subcontracting	31,463	31,206
Taxes and other	64,985	53,394
Total	**307,490**	**296,863**

At December 31, 2015, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group amounted approximately €30,658 thousands (€33,166 thousands in December 31, 2014). The due dates for the operating lease instalments that cannot be cancelled are as follows:

Year 2015	Thousands of euros		
	2016	**2017-2020**	**2021 and subsequent**
Operating lease instalments that cannot be cancelled	7,064	19,026	4,568

Year 2014	Thousands of euros		
	2015	**2016-2019**	**2020 and subsequent**
Operating lease instalments that cannot be cancelled	8,122	20,467	4.577

At December 31, 2015, the Company had recognised €3,366 thousands under “Non-current deposits and guarantees” (Note 13.B) mainly related to existing leases (€3,140 thousands at December 31, 2014).

E. DEPRECIATION AND AMORTISATION CHARGE AND PROVISIONS

The breakdown of this balance in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	**2014**
Property, plant and equipment depreciation charge (Note 10)	63,816	60,817
Intangible asset amortisation charge (Note 9)	32,237	31,138
Depreciation	**96,053**	**91,955**
Change in operating provisions for guarantees and others (Note 23)	111,905	76,800
Change in write-downs of inventories (Note 14)	19,476	(7,978)
Change in other trade provisions	1,924	14,571
Provisions	**133,305**	**83,393**
Depreciation and provisions	**229,358**	**175,348**

F. FINANCE INCOME

The breakdown of this balance in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	**2014**
Profits from available-for-sale assets	3,640	3,315
Other finance and similar income	9,959	8,367
Total	**13,599**	**11,682**

G. FINANCE COSTS

The breakdown of this balance in the 2015 and 2014 consolidated income statements is as follows:

	Thousands of euros	
	2015	**2014**
Financial expenses and others treated as such (Note 21)	46,453	52,498
Transfer of gains/losses on hedges of cash flows (Notes 18.C and 22)	672	1,857
Total	**47,125**	**54,355**

Capitalised interest on the construction of wind wind farms in 2015 and 2014 amounted €2,344 thousands and €1,137 thousands, respectively. The average capitalisation rates used in 2015 and 2014 were 5.74% and 2.57% respectively.

30. Directors' remuneration

In 2015 the Directors of GAMESA earned fixed and variable salaries, per diets, and other items amounting approximately €4,892 thousands (€3,700 thousands in 2014). The detail of the aforementioned amount is as follows:

Thousands of euros	12.31.2015	12.31.2014
Members of the Board of Directors		
Type of remuneration		
Fixed compensation	2,073	1,776
Annual variable compensation	522	871
Long-term variable compensation	1,260	-
Per diets	527	481
	4,382	**3,128**
Other benefits	510	572
Total	**4,892**	**3,700**

Within the remuneration to the Board of directors has been included, according to the Annual Report on Remuneration of Directors, the amount accrued in cash by the President and CEO corresponding to the long term incentive approved by the General Meeting of 2013, whose measurement period ended on December 31, 2015, for a total amount of €1,260 thousands (zero euros in 2014). The 50 percent of this amount will be settled within 90 first days of 2016 and 50 per 100 remaining within the first 90 days of 2017. Regarding the part of an incentive in shares, it has been recongised the right to delivery of 189,759 shares, delivery that is scheduled to materialize the 50 percent (94,879 actions) within the first 90 days of 2016 and the remaining 50 percent (94,880 shares) in the same period of 2017. The amount corresponding to the shares delivered in these periods will be included in the annual reports on remuneration to directors and in the annual corporate governance reports corresponding to them, calculated by the average value of quoted price of the stock on the date of delivery to the president and director.

The concept of Other benefits at December 31, 2015 corresponds to (i) the amount of the premiums paid for the coverage of death and disability insurances by €51 thousands (€47 thousands in 2014) and life and savings of the current directors amounting €400 thousands (€450 thousands in 2014); and (ii) the allocation of the group insurance for executives, directors and other employees by €59 thousands (€75 thousands in 2014).

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

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

Thousands of euros	12.31.2015	12.31.2014
Type of director		
Executives	2,915	1,836
External proprietary directors	531	423
External independent directors	1,446	1,441
Other external	-	-
Total	**4,892**	**3,700**

At 2015 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	Functions
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Power & utilities	30,284,584	None
Villalba Sanchez, Francisco Javier (*)	Iberdrola, S.A.	Power & utilities	-	Compliance Manager of the group Iberdrola
Villalba Sanchez, Francisco Javier (*)	Elektro Electricidade e Serviços, S.A.	Power & utilities	-	CEO of the Network Business of the group Iberdrola
Villalba Sanchez, Francisco Javier (*)	Iberdrola USA Networks, Inc.	Power & utilities	-	President
Villalba Sanchez, Francisco Javier (*)	Iberdrola Distribución Eléctrica, S.A.	Power & utilities	-	President
Villalba Sanchez, Francisco Javier (*)	Scottish Power Energy Networks Holdings Ltd.	Power & utilities	-	President
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Power & utilities	40,184	President
Góngora Bachelor, Gema	Iberdrola, S.A.	Power & utilities	2,072	Director of Development and Executive Management at Iberdrola, S.A.

(*) On February 1, 2016, Mr. Francisco Javier Sánchez Villalba left his charge as CEO of the Network Business of the Iberdrola group and he also left his charges in the Board of Directors of the rest of the companies mentioned above.

The members of the Board of Directors were affected by the following conflicts of interest in 2015:

- Castresana Sánchez, Ramón. In accordance with the procedure established in Article 31 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 in the Board meetings held on March 24 and May 8, 2015.

- Góngora Bachiller, Gema. In accordance with the procedure established in Article 31 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 in the Board meetings held on July 29, November 18 and December 16, 2015.

- Villalba Sánchez, Francisco Javier. In accordance with the procedure established in Article 31 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 in the Board meetings held on March 24, May 8, June 29, July 29, November 18 and December 16, 2015.

- Rubio Reinoso, Sonsoles. In accordance with the procedure established in Article 31 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 in the Board meetings held on March 24, May 8, June 29, July 29, November 18 and December 16, as well as, the meetings of the Audit and Compliance Committee held on March 16, May 5, June 26, July 28, November 5 and December 11, 2015.

- Hernández García, Gloria. In accordance with the procedure established in Article 31 of the Gamesa Corporación Tecnológica, S.A. Board of Directors Regulations, when the

Board has deliberated and adopted any resolutions relating to operations with BANKINTER and/or group companies, he has not participated in the deliberation, voting, decision and execution of the resulting resolution. This occurred in the Board meeting held on December 16, 2015 when it was deliberated and adopted an agreement related with the syndicated loan of the GAMESA Group.

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 management

Excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed in the Note 30), the compensation paid or payable to members of senior management for past employment services is set out in the following table:

	Thousands of euros	
	2015	**2014**
Salaries and other short-term compensation	4,694	3,252
Share-based payments	2,972	-
Total	**7,666**	**3,252**

Within the remuneration of senior management there is included as a variable compensation in the long term the accrued amount in cash of the long term incentive approved by the General Meeting of 2013, whose measurement period ended December 31, 2015, for a total amount of €2,972 thousands (zero euros in 2014). The 50 percent of this amount will be settled within the first 90 days of 2016 and 50 percent remaining within the first 90 days of 2017. Regarding the part of incentive in the form of shares, the delivery is scheduled to materialize within the first 90 days of 2016 (50 percent) and in the same period of 2017 (50 percent remaining). With regard to the part of an incentive in the form of shares, the right of delivery of the senior management has recongised for amounting 447,580 shares, delivery that it is expected to verify, 50 percent (223,790 shares) within the 90 first days of 2016 and the remaining 50 percent (223,790 shares) in the same period of 2017. The amount corresponding to the shares delivered in these periods are included in the annual corporate governance reports corresponding to them, calculated by the average value of quoted price of the stock on the date of delivery to beneficiaries.

In 2015 and 2014 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 2015 and 2014 is as follows:

Year 2015	Receivables	Balances Payables	Sales and services rendered	Services received
	Thousands of euros			
Iberdrola, S.A. and subsidiaries (Note 18)	47,393	100,275	207,860	6,352
Windar Renovables, S.L. and subsidiaries (Note 11)	28,226	46,263	1,027	102,778
Adwen Offshore, S.L. and subsidiaries (Note 11)	101,987	1,250	5,745	-
Others	11,417	933	1,425	20,229
Total	**189,023**	**148,721**	**216,057**	**129,359**

Year 2014	Receivables	Balances Payables	Sales and services rendered	Services received
	Thousands of euros			
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**

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

In addition the GAMESA Group granted endorsements and/or guarantees amounting €156 million at December 31, 2015.

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 MW.

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

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

- Establish new areas of study and analysis for the rendering of maintenance services by Gamesa to Iberdrola, particularly the rendering of those services in the United States, the sale and installation of wind turbine reliability improvements or the extension of their useful lives and the conversion and update of wind turbine models.

- The extension of current maintenance services.

During the years 2015 and 2014, the financial and commercial equipment of GAMESA and Iberdrola laid the foundations for the objective novation of certain terms of the Framework Agreements signed between the two companies and with validity until December 31, 2015 by which GAMESA came to provide maintenance services in various wind farms owned by Iberdrola. This objective novation affects certain technical aspects, scope of the services to be provided and economic aspect in order to suit the prevailing market conditions. It also forecasts the modification of the duration of the services to be provided to GAMESA, extending them until December 31, 2017, with the possibility of being extended for two other annual additional periods.

In the field of these negotiations, the parties formalized in March 2015 a new Framework Agreement that resolved the previous one dated on January 1, 2013 for the G8x and on 1 January 2012 for the G4X and G5x, incorporate, on the clauses of these, the amendments referred to above and with effect from January 1, 2014 for a total of 4,383 MW.

In addition, on October 2015, GAMESA and Iberdrola have reached an agreement to deploy the product "Energy Thrust", aimed to increase the efficiency of the turbines and therefore their production ratios, for a total of 1,602 MW.

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

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

33. Other information

A) INFORMATION REGARDING THE DEFERRAL OF PAYMENTS MADE TO SUPPLIERS

In accordance with the single additional provision of the Resolution of January 29, 2016 of the Accounting and Audit Institute, about the information to include in the notes to the financial accounts related with the deferral of payments made to suppliers in commercial operations, no comparative information is included, as the financial accounts of 2015 are presented as initial regarding the exclusive effects referred to the application of the principle of uniformity and the comparability requirement.

The average payment period to suppliers in the year 2015 was the following:

	2015
	Days
Average payment period	56.81
Settled operations ratio	57.47
Pending operations ratio	41.35
	Amount (Thousands of euros)
Total settled payments	1,100,007
Total pending payments	47,151

This average payment period is referred to the suppliers of the Spanish companies of the consolidated scope that for its nature are trade payables for good and services supply, so it includes the figures related to “Trade and other payables” and “Trade and other payables to related companies” of the liabilities of the consolidated balance sheet attached.

34. Fees paid to auditors

In 2015 and 2014 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 2015	**Services rendered by EY**	**Services provided by other audit firms**
Audit services	1,177	20
Other attest services	143	-
Total audit and related services	**1,320**	**20**
Tax advisory services	147	-
Other services	66	-
Total services other companies in the network	**213**	**-**
Total professional services	**1,533**	**20**

	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**

35. Earnings per share

At December 31, 2015 the average number of ordinary shares used in the calculation of earnings per share is 276,133,327 shares (Note 18.A) (259,121,794 shares at December 31, 2014), given that in 2015 GAMESA has held an average of 3,135,460 treasury shares (3,085,866 in 2014) (Note 18.E).

The basic earnings per share from continuing and discontinued operations attributable to the Parent company in 2015 and 2014 were as follows:

	2015	2014
Net profit from continuing operations attributable to the Parent (thousands of euros)	177,388	96,687
Net profit from discontinued operations attributable to the Parent (thousands of euros)	(7,172)	(4,839)
Average number of outstanding shares	276,132,529	259,121,794
Basic earnings per share from continuing operations (euros)	0.6424	0.3737
Basic earnings per share from discontinued operations (euros)	(0.0260)	(0.0187)
Total basic earnings per share	**0.6164**	**0.3550**

At December 31, 2015 and 2014, 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 farms development and sale, the assets and liabilities relating to the development activity in the United States are presented as “Disposal groups of assets classified as held-for-sale” after the decision by Management to suspend the development and sale of wind farms 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 stake that GAMESA had in the company Wind Portfolio Sponsorco, LLC., company that at the same time maintained the stake 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 were 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 actually being carried out according to its compromise and sales plan.

Details of the assets and liabilities that make up opponent classified as "Disposal groups of assets classified as held-for-sale" at December 31, 2015 and 2014, 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	
	12.31.2015	12.31.2014
Property, plant and equipment	-	302
Non-current financial assets	-	10
Total non-current assets	**-**	**312**
Inventories	27,940	29,361
Receivables	806	1,844
Cash and other cash equivalents	-	(1)
Total current assets	**28,746**	**31,204**
Total disposal groups of items classified as held-for-sale	**28,746**	**31,516**
Other non-current liabilities	570	521
Total non-current liabilities	**570**	**521**
Other current liabilities	273	1,459
Total current liabilities	**273**	**1,459**
Total liabilities associated with disposal groups of items classified as held-for-sale	**843**	**1,980**
Net asset in disposal group	**27,903**	**29,536**

The main headings of the income statement relating to the component classified as a discontinued operation in 2015 and 2014 are as follows:

	Thousands of euros	
	2015	2014
Net revenues	4,262	4,279
Other expenses	(11,434)	(6,572)
Profit/(loss) before taxes	**(7,172)**	**(2,293)**
Corporate income tax attributable	**-**	(2,546)
Profit /(loss) for the year from discontinued activities	**(7,172)**	**(4,839)**

The development and sale of wind farms in the United States at December 31, 2015 and 2014 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 with an additional impairment of €3 million at December 31, 2015.

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 8%. 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 revenue per MWh.
- 5% increase in average revenue per MWh.

These sensitivity analyses performed individually for each key assumption would have revealed the existence of additional impairment amounting approximately €2,996 thousands at December 31, 2015 and a decrease in impairment of approximately €2,996 thousands.

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 2015 Consolidated Financial Statements were prepared GAMESA maintains sales negotiations of this wind farm for a value that is not significantly different from the value recognized at December 31, 2015. 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, 2015 the amount recognised as "Profit 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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Cash flows from operating activities	1	(1,762)
Cash flows from investing activities	-	85,416
Cash flows from financing activities	-	-
Total cash flows from discontinued activities	**1**	**83,654**

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

37. Post-balance sheet events

There were no significant subsequent events to the year end.

38. 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	BUSINESS LINE	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, 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 Energie France, E.U.R.L.	Development of wind farms	EY	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	-	Romania	99%
Gamesa Energy UK, Ltd.	Development of wind farms	EY	U.K.	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%
Eólica Da Cadeira, S.A.	Development of wind farms	-	A Coruña	65%
Gesa Energía S.R.L.de C.V.	Development of wind farms	-	Mexico	100%
Sistemas Energéticos Jaralón, S.A. Unipersonal	Development of wind farms	-	Vizcaya	100%
Gesan México 1, S.A.P.I. DE C.V.	Development of wind farms	EY	Mexico	100%
Gamesa Eólica, S.L. "Branch Jamaica"	Development of wind farms	-	Jamaica	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 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%
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%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT AND INDIRECT OWNERSHIP
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%
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 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 S.A. de C.V.	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	EY	France	100%
SAS SEPE Germainville	Operation of wind farms	EY	France	100%
SAS SEPE Ecueille	Operation of wind farms	EY	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 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, S.R.L.	Construction and Operation of wind farms	-	Italy	90%
EBV Holding Verwaltung GMBH	Development of wind farms	-	Germany	100%
Gamesa Europa, S.L.	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%
Parco Eolico Tuturano, S.R.L.	Operation of wind farms	-	Italy	100%
Parco Eolico Prechicca, S.R.L.	Operation of wind farms	-	Italy	100%
Paro Eolico Monte Maggio Scalette, S.R.L.	Operation of wind farms	-	Italy	100%
Osiek Sp. Z o.o	Operation of wind farms	-	Poland	100%
Sistemas Energéticos Monte Genaro, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT AND INDIRECT OWNERSHIP
Sistemas Energéticos Sierra de Valdefuentes, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Sistemas Energéticos Sierra del Carazo, S.L. Unipersonal	Operation of wind farms	-	Vizcaya	100%
Harelaw Renewable Energy Park Ltd.	Operation of wind farms	-	U.K.	100%
Shap Renewable Energy Park Ltd.	Operation of wind farms	-	U.K.	100%
Watford Gap Renewable Energy Park Ltd.	Operation of wind farms	-	U.K.	100%
Aberchalder Renewable Energy Park Ltd.	Operation of wind farms	-	U.K.	100%
Windfarm Ringstedt II, GmbH	Operation of wind farms	-	Germany	100%
Llynfi Renewable Energy Park Ltd.	Operation of wind farms	-	U.K.	100%
Llanfynydd Renewable Energy Park Ltd.	Operation of wind farms	-	U.S.A	100%
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	Production of electric energy	-	Romania	100%
Ger Independenta S.R.L.	Electric energy production	-	Romania	100%
Ger Ludus S.R.L.	Electric energy production	-	Romania	100%
Lingbo SPW AB	Electric energy production	EY	Sweden	100%
Innovación Eólica de Salamanca S.L.	Electric energy production	-	Burgos	78%
Central Eolica de México I, S.A. de C.V.	Operation of wind farms	-	Mexico	100%
Energía Eólica de México	Operation of wind farms	-	Mexico	50%
Energía Renovable del Istmo	Operation of wind farms	-	Mexico	50%
Elliniki Eoliki Energiaki Kseropousi S.A.	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki Pirgos S.A.	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki Kopriseza S.A.	Operation of wind farms	-	Greece	86%
Elliniki Eoliki Energiaki LIKOURDI S.A.	Operation of wind farms	-	Greece	86%
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%
Energiaki Flabouro EPE	Operation of wind farms	-	Greece	100%
Fanbyn2 Vindenergi AB	Operation of wind farms	-	Sweden	100%
A.2 Manufacturing of wind turbines				
Gamesa Eólica, S.L. Unipersonal	Wind-powered facilities	EY	Navarra	100%
Gamesa Innovation & Technology, S.L. Unipersonal	Manufacture of moulds, blades and provision of central services (engineering)	EY	Navarra	100%
Estructuras Metálicas Singulares, S.A.	Manufacture of wind generator towers	EY	Navarra	100%
Gamesa Wind, GMBH	Wind-powered facilities	EY	Germany	100%
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	EY	Italy	100%
Gamesa Wind UK Limited	Manufacturing and holding company	EY	U.K.	100%
Gamesa Lanka Private Limited	Manufacturing and holding company	EY	Sri Lanka	100%
Gamesa Wind Romania, S.R.L.	Development of wind farms	EY	Romania	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, S.R.L. de C.V.	Manufacturing and holding company	-	Mexico	100%
Gamesa Mauritania SARL	Manufacturing and holding company	-	Mauritania	100%
Gamesa Ukraine LLC	Manufacturing and holding company	-	Ukraine	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT AND INDIRECT OWNERSHIP
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 C.R.L.	Wind-powered facilities	-	Puerto Rico	100%
Gamesa Belgium,S.R.L	Wind-powered facilities	EY	Belgium	100%
Gamesa Israel Ltd.	Wind-powered facilities	EY	Israel	100%
Gamesa Mauritius Ltd.	Wind-powered facilities	EY	Mauricio Islands	100%
B9 Energy O&M Limited	Wind-powered facilities	EY	U.K.	100%
RSR Power Private Limited	Manufacturing and holding company	-	India	100%
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	Wind-powered facilities	-	Portugal	100%
Gamesa Renewable Private Ltd	Wind-powered facilities	EY	India	100%
Gamesa Blade Tianjin Co. Ltd.	Design, manufacture and assembly of blades	EY	China	100%
Gamesa Wind Energy System Development Co. Ltd.	Manufacture of wind components and maintenance of wind farms	EY	China	100%
Gamesa Trading Co. Ltd.	Raw material trader	EY	China	100%
Gamesa Cyprus Limited	Manufacturing and holding company	-	Chipre	100%
Gamesa New Zeland Limited	Manufacturing and holding company	-	Nueva Zalanda	100%
Gamesa Wind Bulgaria, EOOD	Development of wind farms	EY	Bulgaria	100%
Gamesa Eolica France S.A.R.L.	Wind-powered facilities	EY	France	100%
Gamesa Electric, S.A. Unipersonal	Manufacture and sale of electronic equipment	-	Vizcaya	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 wind components	EY	Vizcaya	100%
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	EY	Mexico	100%
Gamesa Energía Polska 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	-	Marruecos	100%
Gamesa Wind Energy Services, Ltd	Manufacturing and holding company	-	Turkey	100%
Gamesa Eólica Costa Rica, S.R.L.	Manufacturing and holding company	-	Costa Rica	100%
Gamesa Wind Sweden, AB	Manufacturing and holding company	EY	Sweden	100%
Gamesa Japan Kabushiki Kaisha	Manufacturing and holding company	-	Japan	100%
Gamesa Wind Hungary KTF	Manufacturing and holding company	EY	Hungary	100%
Gamesa Eólica Greece E.P.E	Manufacturing and holding company	-	Greece	100%
Jilin Gamesa Wind Co., Ltd.	Manufacturing and holding company	EY	China	100%
Inner Mongolia Gamesa Wind Co.,Ltda.	Manufacturing and holding company	EY	Mongolia	100%
Rajgarh Windpark Private Limited	Manufacturing and holding company	Others	India	51%
Gamesa Ireland Limited	Manufacturing and holding company	EY	Ireland	100%
GM Navarra Wind Energy Private Limited	Manufacturing and holding company	-	India	100%
Gamesa Canada, ULC	Manufacturing and holding company	-	Canada	100%
Gamesa Azerbaijan, LLC	Manufacturing and holding company	-	Azerbaijan	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT AND INDIRECT OWNERSHIP
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	Maintenance services of wind farms	EY	U.S.A	100%
Gamesa Wind, PA, LLC	Manufacture and assembly of wind generators	EY	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%
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 BY EQUITY METHOD				
Windar Renovables, S.L. and subsidiaries	Manufacture and holding Company	PWC	Asturias	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%
9Ren España, S.L.	Solar	-	Spain	49%
Kintech Santalpur Windpark Private Limited	Manufacturing and holding company	-	India	49%
Baja Wind Llc	Manufacturing and holding company	-	U.S.A	50%
Adwen Offshore S.L. and subsidiaries	Offshore Business	EY	Spain	50%

CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302 A, SECRETARY OF THE BOARD OF DIRECTORS "GAMESA CORPORACIÓN TECNOLÓGICA, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the consolidated annual accounts for 2015 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., authorised for issue by the Board of Directors at its meeting held on 24 February, 2016, is the content in the preceding 87 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

Carlos Rodriguez-Quiroga Menéndez
Secretary of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Luis Lada Díaz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Jose Maria Aldecoa Sagastasoloa
Member of the Board of Directors

Francisco Javier Villalba Sanchez
Member of the Board of Directors

Gloria Hernández García
Member of the Board of Directors

Andoni Cendoya Aranzamendi
Member of the Board of Directors

Gema Góngora Bachiller
Member of the Board of Directors

Zamudio, February 24, 2016. In witness whereof

Approval of the Chairman

Ignacio Martín San Vicente
Chairman and CEO

D. Carlos Rodriguez-Quiroga Menéndez
Secretary of the Board of Directors

Gamesa

ACTIVITY REPORT

February 25, 2016

1. COMPANY'S EVOLUTION DURING THE YEAR

HAVING SURPASSED THE 2015 OBJECTIVES, GAMESA IS BRINGING FORWARD AND STEPPING UP ITS COMMITMENTS UNDER THE BUSINESS PLAN 2015-2017E

Gamesa Corporación Tecnológica[1] ended 2015 with sound results, having exceeded its shareholder value creation commitment, which enables it to step up and bring forward the commitments adopted under its business plan 2015-2017E. Commercial activity remained strong, with order intake reaching 3,883 MW in the year, 17% higher than in 2014, in line with the upper end of the range committed in the business plan for 2017[2]. The order book stood at 3,197 MW, 28% higher than at 2014 year-end, and covered 71% of sales guidance for 2016[3].

Revenues amounted to €3,504 million in 2015, 23% higher than in 2014, and recurring EBIT amounted €294[4] million, a 54% year-by-year increase, while the EBIT margin was 8.4%, i.e. 1.7 percentage points higher than in 2014. Recurring net profit[4] increased by 73% to €175 million.

Apart from the consolidation of the profitable growth, Gamesa continued to improve working capital, which declined by 84% year-by-year to 0.3%[5] of revenues, over 2 percentage points lower than in 2014 (2.5%). As a result of profitable growth, control of working capital and focused capex, Gamesa generated €182[6] million in net free cash flow in 2015 and ended the year with a net cash position of €301 million on the balance sheet, in line with its goal of prioritising a strong balance sheet in a of expanding activity environment. The creation and consolidation of Adwen, the joint venture with Areva to operate in the offshore business, had a positive impact of €29 million on EBIT but a negative impact of €5 million on net profit. Including this impact, EBIT amounted €323 million and net profit €170 million.

Consolidated key figures 12M 2015

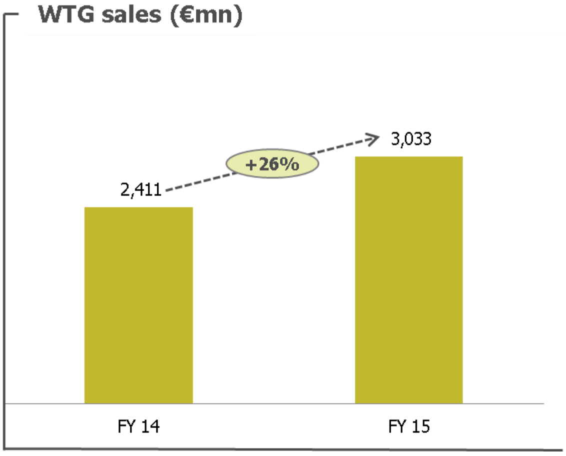
- **Revenues:** €3,504 million (+23.1% y/y)
- **Recurring EBIT pre-Adwen[4]**: €294 million (+54.1% y/y)
- **Recurring net profit pre-Adwen[4]:** €175 million (+73.2% y/y)
- **Net financial debt (NFD)[7]:** -€301 million (-0.6x EBITDA[8])
- **MWe sold:** 3,180 MWe (+21.3% y/y)
- **Firm order intake:** 3,883 MW (+17.1% vs. 12M 2014)

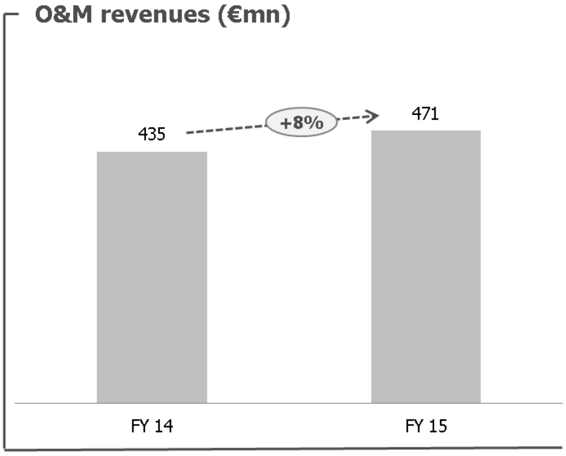
[1] Gamesa Corporación Tecnológica engages wind turbine manufacturing, which includes the development, construction and sale of wind farms, as well as operation and maintenance services.
[2] Volume of activity projected for 2017 under the business plan 2015-2017E: 3,500 MWe-3,800 MWe.
[3] Activity volume coverage calculated on the basis of volume guidance for 2016 of 3,800 MWe (guidance for 2016: >3,800 MWe).
[4] EBIT and net profit are expressed net of €29 million and -€5 million, respectively, in 2015 in connection with the creation and recognition of Adwen (equity method). Variations with respect to the 2014 numbers are calculated by excluding those items in 2015. EBIT and net recurring pre-Adwen profit in 2014 exclude €9 million special provision allocation.
[5] Ratio of working capital to revenues in the last twelve months.
[6] Net free cash flow before dividend payments, amounting to €23 million.
[7] Net financial debt as financial debt, including subsidised loans, derivatives and other current financial liabilities, excluding cash and other current financial assets.
[8] Recurring EBITDA pre-Adwen 2015.

Gamesa Corporación Tecnológica ended 2015 with revenues of €3,504 million, 23% higher than in 2014, due a to strong growth in wind turbine manufacturing and sales.

Revenues in the Wind Turbine Generator (WTG) division increased by 26% y/y, up to €3,033 million, due to growth in volume, favourable currency performance, and the launch of new products such as G114-2.0 MW and G114-2.5 MW, as well as greater heights of towers. Volume increased by 21% year-on-year to 3,180 MWe, supported by a recovery in sales in Europe and China and growth in India. In terms of customer types, electric utilities and others (industrial groups and promoters) were the main growth drivers (+27% and +28% y/y, respectively), followed by IPPs (+15%).

Revenues from O&M services amounted to €471 million, i.e. 8% higher than in 2014, supported by 6% y/y growth in the average post-warranty fleet under maintenance and by higher sales of value-added products, and offset by a reduction in the sale of spare parts.

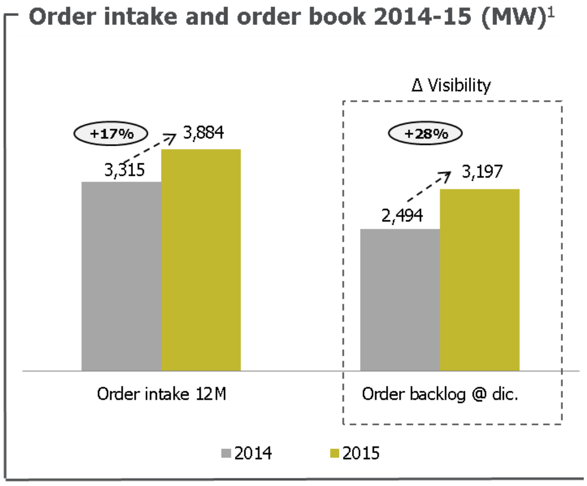




Revenue growth was supported by Gamesa's strong commercial activity in a context of an increasing demand worldwide. This global growth was driven by the recovery of the US market, acceleration of installations in China, commissioning of offshore installations in Germany and double-digit growth in emerging wind markets, such as India, Brazil and Mexico, where Gamesa has a strong position.

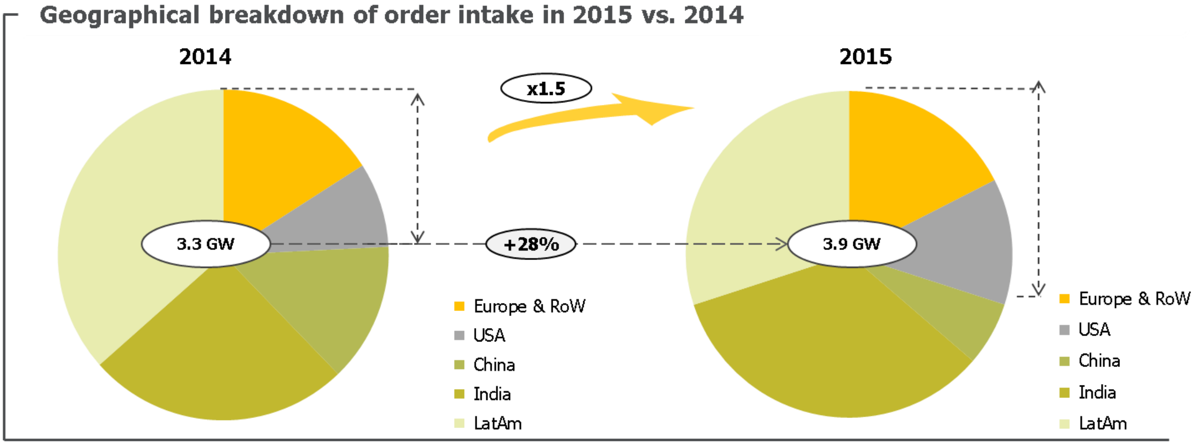
Gamesa's strong competitive position, supported not only by a diversified geographical footprint (presence in 54 countries) but also by an extensive customer base, a portfolio of products and services aimed at maximising the return on wind assets, and a presence throughout the wind value chain, enabled the company to leverage the increasing trend in order intake. Gamesa signed orders for **3,883 MW[9] in 2015, 17% higher than in 2014,** including 1,042 MW signed in the fourth quarter, 4% higher than in the third quarter of 2015**.** The intake order ratio in 2015 [10]was 1.22x, and the **order book at 2015 year-end stood at 3,197 MW, 28% higher** than at December, 2014. This volume of orders enabled Gamesa to begin 2016 **with 71% of its target sales already covered[11], i.e. seven percentage points** higher than the corresponding level at December, 2014.

[9] Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes firm orders signed in 4Q 2015 (604 MW) that were announced individually in 1Q 2016.
[10] Ratio of order intake to sales in the period (MWe).
[11] Coverage calculated on the basis of volume guidance for 2016: > 3,800 MWe



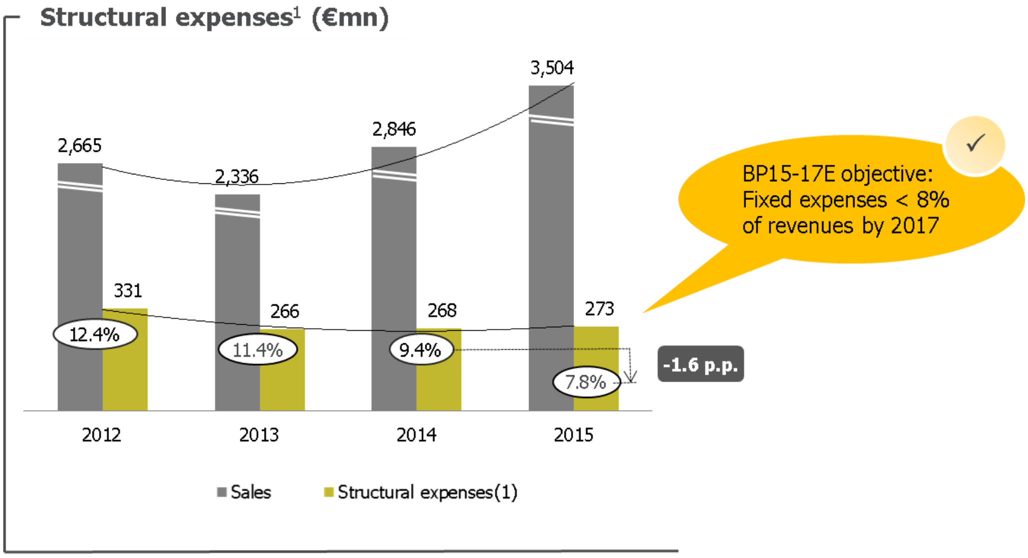
1. Firm orders and confirmation of framework agreements for delivery in the current and subsequent years. Includes 604 MW in orders signed in 2015 and announced in the first quarter of 2016.

Order intake in period included a strong contribution from new generations of products, G114 2.0-2.5 MW, whose contribution rose from 26% of order intake in 2014 to 50% in 2015. In geographic terms, there was a 45% increase in demand from mature markets—the US and Europe/RoW—with respect to the 2014 order intake, contributing a 30% to the total order intake (24% in 2014). Latin America and India continue to be the main drivers. India experienced a 54% y/y increase in orders contributing a 34% to total intake, while order intake in Latin America ex. Brazil doubled.



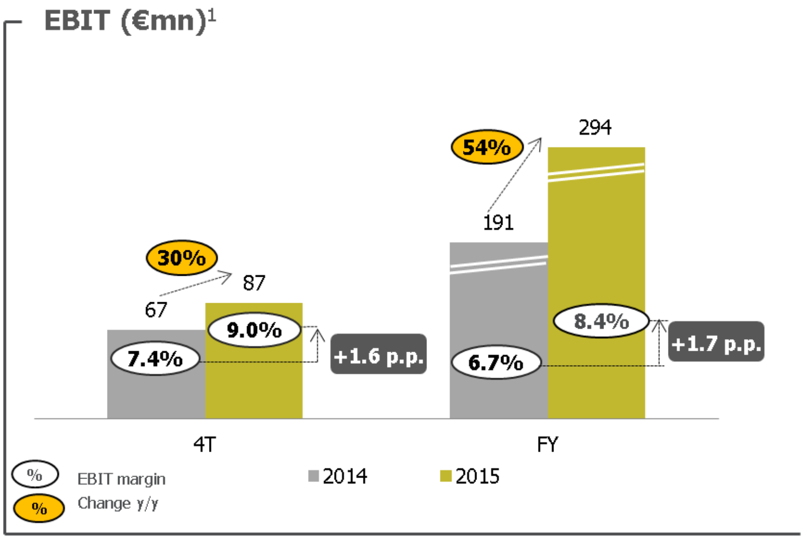
In this context of growing activity, Gamesa remained focused on controlling structural costs so as to maintain a low break-even point. As a result, at December, 2015, structural expenses[12] amounted to 7.8% of revenues; accordingly, the company has already achieved the objective for 2017 in the 2015-2017 business plan.

[12] Fixed expenses excluding depreciation and amortisation.



1. Structural expenses with a cash impact (excluding D&A)

Control of fixed costs, together with the on-going optimisation of variable costs, has enabled Gamesa to offset a lower relative contribution to group revenues from O&M by enhancing returns in the manufacturing business and steadily increasing total operating profitability. The improvement in profitability was also favoured by a positive exchange rate impact, which contributed 0.6 percentage points to the improvement in operating profitability ratios in the period. **As a result, Gamesa ended 2015 with a recurring EBIT margin pre-Adwen of 8.4%[13]**, nearly two percentage points (+1.7 pp) higher than in 2014, while **recurring EBIT pre-Adwen amounted to €294 million[13], 54% higher than in 2014.** Finally, profitability was particularly strong in the fourth quarter, with a 9% EBIT margin, and the exchange rate impact declined, contributing for just 0.1% of the improvement in EBIT margin in the quarter.



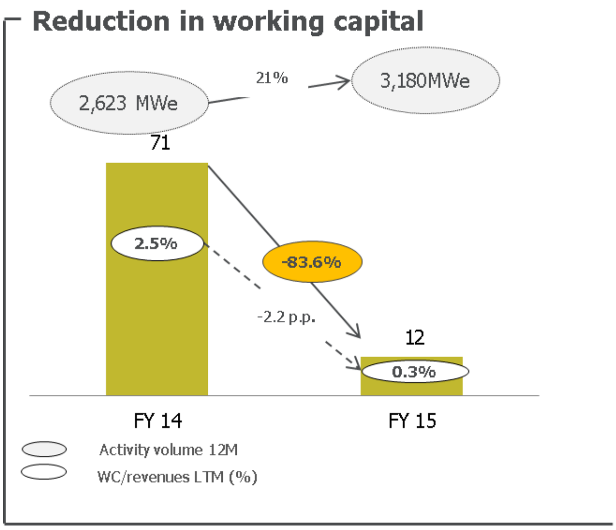
1. EBIT excluding impact of creating and consolidating Adwen in 2015 (€29mn in Q1 2015) and non-reccurring provisions in 2014 (€9,4mn in Q4 2014)

As a result of firming growth in volume and revenues and of a rising business profitability, **Gamesa's recurring net profit pre-Adwen increased by 73% in 2015 to €175 million[14].**

[13] EBIT and EBIT margin in 2015 excluding non-recurring impact of capital gains from the creation of the joint venture Adwen, which amounted to €29 million in 1Q 2015 (no impact in the remainder of 2015).
[14] Recurring net profit pre-Adwen, excluding a €5 million negative impact of recognising Adwen in 2015.

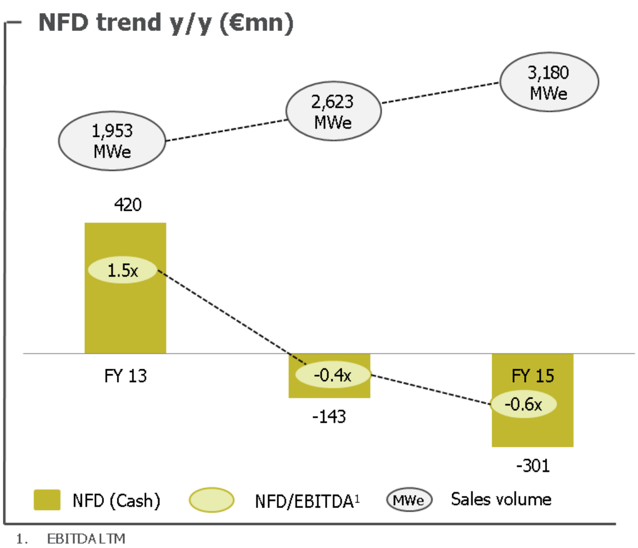
The launch and commissioning of Adwen, the joint venture to operate in the offshore segment, had an impact on Gamesa's EBIT and net profit. The impact on EBIT was €29 million, recognised in the first quarter of 2015, which raised accumulated reported EBIT in 2015 to €323 million, while the impact on net profit, -€5 million, reduced reported net profit to €170 million.

Within the area of investments in both property, plant and equipment and intangible assets, **Gamesa continued to improve the management of working capital**, reducing average working capital consumption by €98 million in 2015, ending 2015 with €12 million, equivalent to 0.3% of revenues, i.e. over two percentage points lower than in 2014.



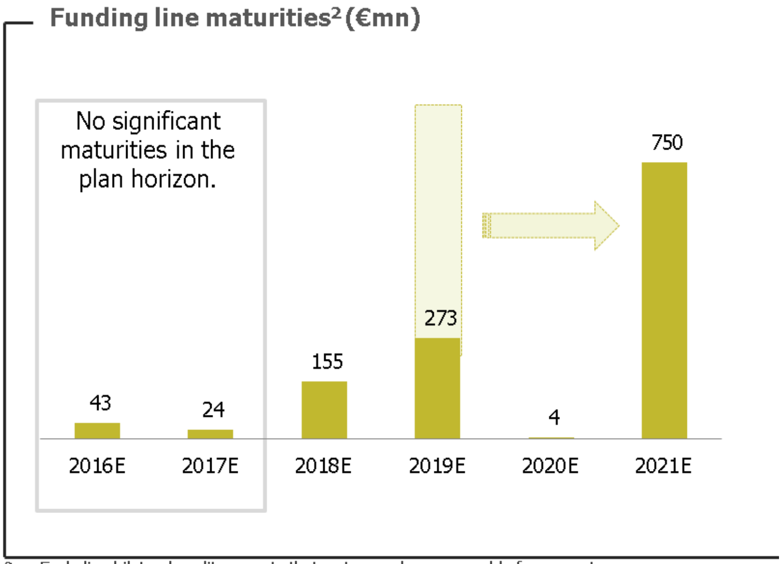
Regarding the modular **capex policy tailored to growth needs, Gamesa invested €168 million** in fixed assets in 2015, i.e. 4.8% of revenues, in line with the target range for the year (4%-5% of revenues).

This control of the investment, in a context of profitable growth, enabled Gamesa to generate **€182 million[15] in cash in 2015, ending the year with a net cash position of €301 million on the balance sheet,** equivalent to -0.6x times EBITDA[16]**,** compared with €143 million net cash at December, 2014, fulfilling the **goal of a strong balance sheet.**



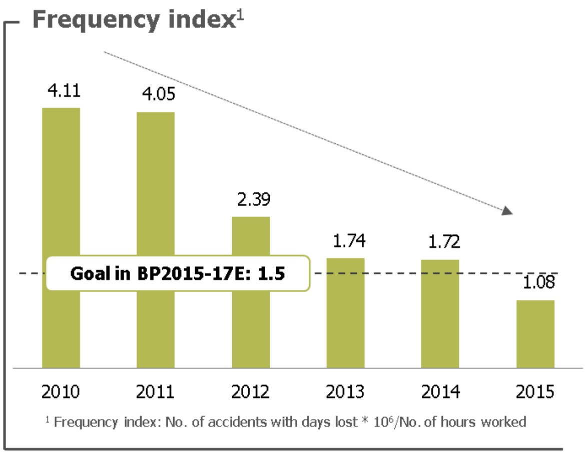
[15] Net free cash flow before dividend payments (€23 million)
[16] Recurring EBITDA pre-Adwen 2015.

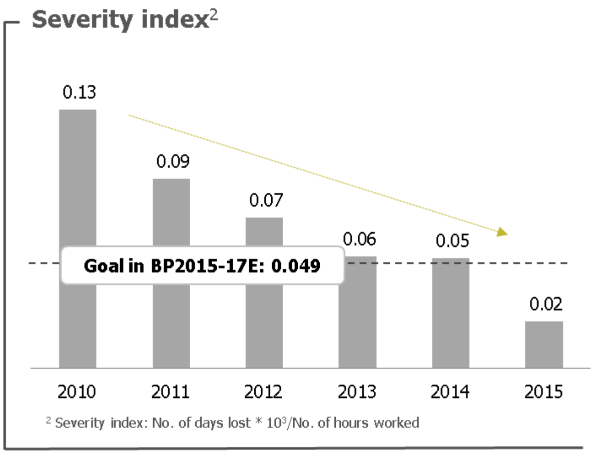
In December, Gamesa extended the maturity and improved the terms of its €750 million syndicated loan. Maturity was extended from 2019 to 2021, which increased the average duration of the group's borrowings; it still has no major maturities within the horizon of the 2015-17E business plan. At December 31, 2015, Gamesa had access to €1,770 million in financing lines.



2. Excluding bilateral credit accounts that mature and are renewable from year to year

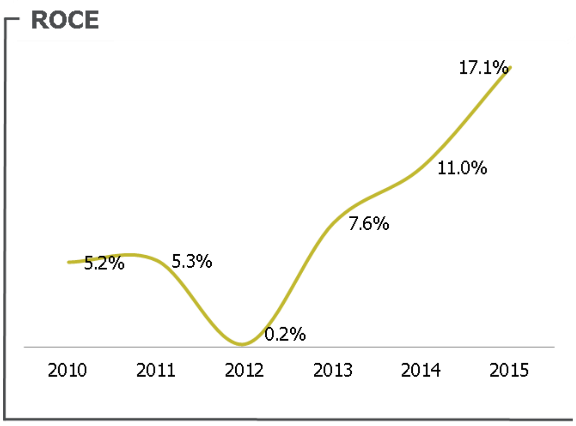
In this context of fulfilling its targets and steadily improving the management, Gamesa also met its goals in the area of workplace health and safety, where the Company maintains a decreasing trend of its frequency and severity indexes ahead of the goals set for the end of the business plan.

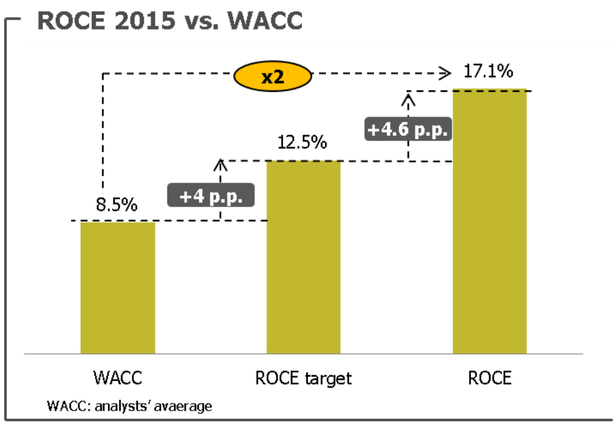




As a conclusion, **Gamesa ended 2015 having exceeded all its commitments while maintaining its focus on creating shareholder value.**

	2014	2015	2015 Guidance		
Volume (MWe)	2,623	**3,180**	c.3,100	✓	**Profitable growth:** revenues +23% y/y and EBIT +54% 2015 vs. 2014
Revenues (€mn)	2,846	**3,504**	c.3,400	✓	
EBIT margin[1]	6.7%	**8.4%**	≥8%	✓	
WC/revenues	2.5%	**0.3%**	<5%	✓✓	**Control of capital consumption and capex**
Capex/revenues	3.1%	**4.8%**	4%-5%	✓	
ROCE	**11%**	**17%**	**≥WACC+4%**	✓✓	**Creating value**
Dividend proposal: pay-out ratio		25%	≥25%		**Dividends resumed**





Main factors

Activity

In 2015, Gamesa sold 3,180 MWe, 21% higher than the activity volume in 2014. This growth was driven mainly by growth in India, China and Europe, while the contribution by customer type was relatively stable with respect to 2014.

	12M 2014	12M 2015	Chg.
WTG sold (MWe)	2,623	3,180	21.3%

Geographical breakdown of wind turbine sales (MWe) (%)	12M 2014	12M 2015
USA	15%	11%
China	9%	13%
India	26%	29%
Latin America	34%	27%
Europe and RoW	16%	18%
TOTAL	**100%**	**100%**

Activity in 2015 was focused in the Gamesa 2.0 MW segment, which represented 98% of total MW sold, compared to 97% in the same period of 2014. The Gamesa G114 2.0 MW platform accounted for 24% of activity in the period, compared with 6% in 2014, evidencing the new platforms' growing importance.

Within the services division, Gamesa had 20,973 MW under operation and maintenance, slightly higher than at the end of 2014. Growth in the fleet under maintenance came mainly from emerging markets India and Brazil, which offset a decline in mature markets. The average post-warranty fleet under maintenance increased by 6% in the year.

	12M 2014	12M 2015	Chg.
MW under operation and maintenance at end of period	20,770	20,973	1%

Profit & Loss

Revenues amounted to €3,504 million in period, 23% higher than in 2014. This increase was due mainly to sales of the WTG division.

The main drivers of growth in WTG revenues (which increased by 26% year-by-year) are:

- +21% increase in volume
- Currency appreciation compared with average rates in 12M 2014 (6% positive impact)
- Increase in the average price of WTGs due to larger rotors and higher towers, partially offset by a greater contribution to total sales by China and India

Services revenues increased by 8.2% with respect to 2014. Revenues performed in line with growth in the average post-warranty fleet under contract in 2015 (+6% vs. 12M 2014) and the increase in value-added services, partly offset by lower sales of spare parts.

Gamesa ended 2015 with recurring EBIT pre-Adwen of €294 million. The EBIT margin trended upwards during the year, reaching 9% in the fourth quarter**, and stood at 8.4% in the full year (vs. 6.7% in 12M 2014).** EBIT performance is attributable to:

- Volume effect (+1.5 p.p.)
- fixed cost performance (-0.1 p.p.),
- contribution margin performance (-0.3 p.p.)
- currency performance (+0.6 p.p.)

The lower contribution margin in 12M was due to the lower contribution by Operation & Maintenance to total revenues (13% vs. 15% in 12M 2014), and to provisions for impairment in the promotion portfolio to an amount of €11.7 million (no ordinary provisions in 2014). Programmes to optimise variable costs and retain quality leadership offset the tensions caused by growth, capacity expansion and the learning curve associated with new products.

The exchange rate impact trended in line with projections at the beginning of the year (+/- 0.5 percentage points), falling steadily as the year advanced to reach 0.1 percentage points in the fourth quarter. The steady decline in the currency impact in 2015 was expected because of the company's dynamic hedging policy and greater localisation of component procurement.

Net financial expenses in the period amounted to €33.5 million, compared to €42 million in 2014, while exchange losses amounted to €10.6 million (negative), compared with exchange losses of €4 million (negative) in 2014, due to greater currency volatility in 2015, particularly in the third quarter.

The tax expense (pre-Adwen) amounted to €68 million, equivalent to a marginal rate of 27%, in line with 2014 and within the guidance range for the year.

As a result, **recurring consolidated net profit before Adwen amounted €175 million (€101 million in 12M 2014).**

The impact on consolidated profit of recognising Adwen (no impact on cash flow) was as follows:

- Capital gain: €29.2 million
- Equity method income from the 50% stake in Adwen since March: -€26.0 million
- Tax expense estimate: -€8.2 million
- Total impact on net profit: -€5 million

As a result, including Adwen, EBIT amounted to €323 million, while net profit amounted €170 million.

Balance sheet

As reflected by the main balance sheet indicators**, Gamesa maintained a strong financial position in a context of increasing activity.**

	12M 2014	12M 2015
Working capital/Revenues	2.5%	0.3%
NFD/EBITDA	-0.4x	-0.6x
ROCE	11.1%	17.1%

The impact on the balance sheet of including Gamesa's 50% stake by equity method in Adwen is summarised below:

- **Net assets contributed to Adwen and derecognised on Gamesa's balance sheet, and transaction costs: €165.8 million** (mainly property, plant and equipment and intangibles)
- **Value assigned to the contribution recognised on Gamesa's balance sheet: €195 million** (€100 million for the equity-method 50% stake in the Adwen joint venture, and €95 million in non-current financial assets, i.e. the shareholder loan).

Key Figures of the Consolidated Income Statement and Balance Sheet

(€ million)	12M 2014	12M 2015	Chg.
Revenues	2,846	3,504	*+23.1%*
Recurring EBITDA pre-Adwen	366	520	*+42.1%*
Recurring EBITDA pre-Adwen /Revenues (%)	12.9%	14.8%	*+2.0%*
Recurring EBIT pre-Adwen	191	294	*+54.1%*
Recurring EBIT pre-Adwen/Revenues (%)	6.7%	8.4%	*+1.7%*
EBIT	181	323	*x1.8*
EBIT/Revenues (%)	6.4%	9.2%	*+2.8%*
Profit (Loss) pre-Adwen	101	175	*1.7x*
Profit (Loss)	92	170	*1.9x*
NFD	-143	-301	*-159*
Working capital	71	12	*-60*
CAPEX	109	168	*+59*

In 2015, in line with the modular capex strategy presented in the business plan 2015-17, Gamesa invested €168 million in property, plant and equipment and intangible assets to cater needs for the expected demand growth, and new product launches and operation and maintenance services. In addition to R&D expenditure, Gamesa invested in logistics, tooling, and blade capacity—both new capacity and product replacement due to the introduction and strong penetration by the G114 (2 MW and 2.5 MW) and G126 (2.5 MW) generators—in all regions where it operates.

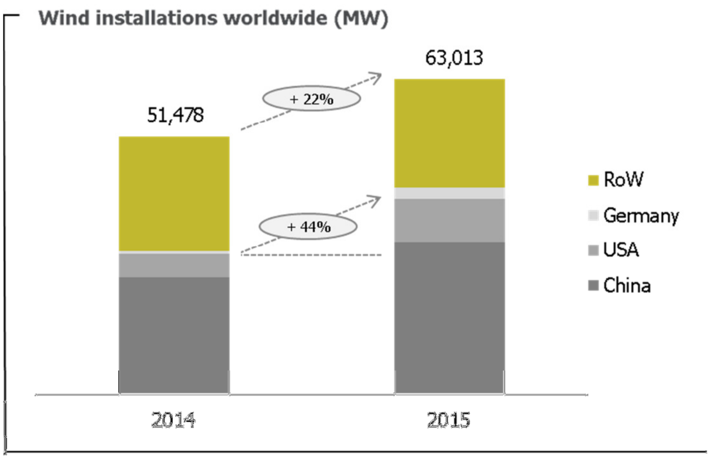
2. FORECASTED EVOLUTION

Outlook

Market

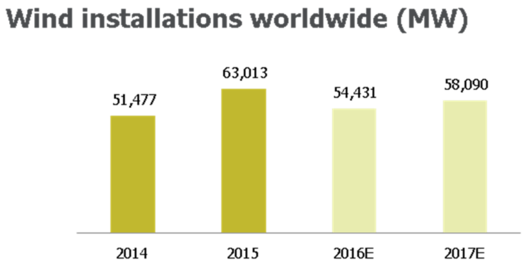
Growth in installations in 2016E-17E will continue to be focused on emerging markets, where Gamesa has a sound competitive position

The year 2015 experienced a record volume of installations: 63,013 MW[17], as a result of peak levels in China, EE.UU and Germany. These high volumes were the result of specific events that are not expected to occur in the immediate future. In 2015, volume reacted to a growth in onshore installations in China (30,500 MW[16], +31% y/y) and USA (8,598 MW[16], +77% y/y) represented a 70% of gross annual growth and 60% of total onshore installations. In both markets, projects were accelerated by the prospect of regulatory changes: a reduction in feed-in fees for wind farms commissioned after 2016 in China, and uncertainty as to whether tax incentives for wind power production would be extended in the US. Germany connected 2,282 MW of offshore[16] capacity, i.e. 62% of total offshore capacity installed in 2015, compared to 543 MW in 2014, due to overcoming grid connection problems, which enabled projects that had been delayed since 2013 to be commissioned.



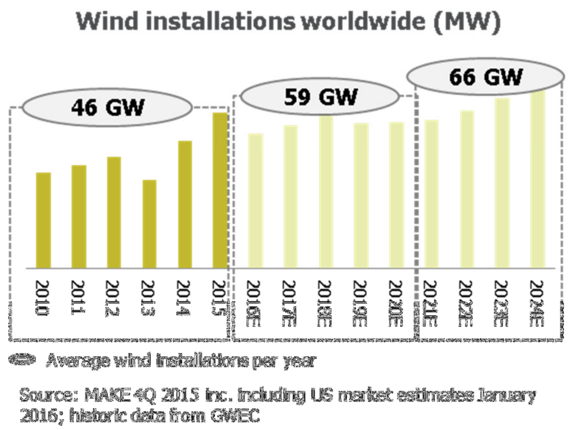
The expected deceleration in the pace of installations in 2016-17E is due to the expectation that those three markets will normalizel levels in those years. However, despite the global deceleration, it is important to note that growth is expected in other geographies, particularly in non-mature markets, where Gamesa has a sound competitive position. In particular, the Asia-Pacific region, excluding China, is expected[18] to register 22% growth (CAGR 15-17E), Latin America, 7% and Africa & the Middle East, 65%. Within Asia-Pacific ex-China, India, which ranks first in terms of new installations (2,623 MW[16], i.e. 84% of the 2015 total), expects 18% growth in that period; within Latin America, Mexico, which ranked second in 2015 (714 MW, 16% of the total installations in the year), expects 31% growth in the period (CAGR 15-17E). Gamesa has a leading position in both countries.

[17] Global Wind Energy Council (GWEC)
[18] Source of market projections for 2016E-17E: MAKE (Global Market Outlook Update for 4Q 2015 and update for US market in January 2016, after the multiannual PTCs extension)



Regulatory decisions and renewable commitments made in 2015 support a stable long-term growth in wind demand

Beyond the immediate term, regulatory developments and renewable commitments made in 2015 support stable long-term growth in demand; the average pace of installation is expected to rise from 46GW per year in 2010-2015 to 66 GW in 2021-2024E[19].



Among the regulatory decisions and renewable commitments, those made during COP21 are particularly important, as is the extension of the tax incentives for wind production in the US, both of which occurred in the fourth quarter of 2015.

[19] Source of market projections for 2015E-2024E: MAKE (Global Market Outlook Update for 4Q 2015 and update for US market in January 2016, after the PTCs were extended for several years). Source of historical data: Global Wind Energy Council (GWEC)

- **COP21: global agreement to limit the temperature rise**

During COP21, held in Paris from November 30 to December 15, 2015, a **global agreement was reached to limit the increase in the world's average temperature to 2ºC** with respect to pre-industrial levels, with efforts being made to achieve an even lower increase: 1.5ºC. Climate change is recognized as an urgent and potentially irreversible threat to society and the planet that requires swift and concerted global action in which the reduction of greenhouse gases plays a key role.

To achieve the objective of controlling the temperature rise, the 186 signatory countries undertook to reach peak greenhouse gas emissions as soon as possible and then reduce them as quickly as possible in the context of sustainable development.

The voluntary commitments proposed by each of de 186 countries, will be reviewed every five years and adjusted upwards as far as possible in order to reach the objective of controlling the global temperature rise below 2ºC, **objective that would not be reached with the initial proposal of reducing emissions.**

Among the proposals for reducing emissions of greenhouse gases, one hundred countries mentioned the increase in the share of renewable energies in their energy mix and seventy specifically mentioned wind power, with some even proposing specific targets. China, the world's largest wind market, plans to achieve 200 GW in total installed capacity by 2020; India, the second-largest wind market in Asia in terms of installed capacity, plans to reach 60 GW by 2022; Turkey, one of the fastest-growing wind markets and the largest in the EMEA region, targets 16 GW by 2030, while Morocco, one of the main markets in North Africa, plans for wind to contribute 14% of its energy mix.

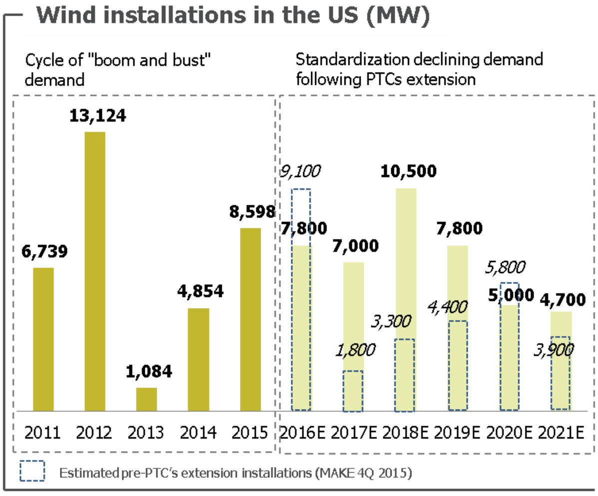
The agreement recognizes that the developed countries must lead this process and that it will take longer for developing countries. There is a continuing need to contribute to financing actions (**financial mechanism**) to mitigate the effects of climate change in developing nations through, inter alia, a fund to which the minimum annual contribution is €100 billion. In addition to the financial mechanism, a **technology mechanism** was established to facilitate the transfer of technology between signatory countries in order to reduce emissions. Additionally, a **cooperation mechanism** was created to enable a country to reduce GHG emissions by investing in projects of reducing emissions in third countries. This mechanism have similarities with the existing "Clean Development Mechanism".

- **USA: Extension of tax credits for wind production**[20]

Demand in the US has been subject to fluctuations due to the fact that the main incentive mechanism—production and investment tax credits (PTCs and ITCs)—were available for relatively small periods of time reducing visibility with respect to investment decisions for the medium and, above all, long term. These demand fluctuations were particularly intense in 2011-2015, as the incentive expired in 2012 and was renewed for annual periods in 2013 and 2014 (the latter retroactively).

In this context**, the decision adopted on December 18 to extend the tax credits for five years, over which they would gradually tail off, is clearly positive for wind investment in the US. Not only does it pave the way for relatively normal demand development in the future, but it also greatly increases the prospects of new installations.**

[20] US incentive mechanisms for renewable energy: production tax credits (PTC) and investment tax credits (ITC).



Source: Consejo Global de la Energía Eólica (GWEC); MAKE January 2016

The incentives will tail off gradually on the basis of the year in which construction commences: by 20% per year to zero in 2020. According to this decreasing regime, only projects whose construction starts in 2016 are qualified for 100% of the incentive (23 USD/MWh for 10 years). Between 2017 and 2019, the incentive will be reduced by 20% per year.

Start of construction:	2016	2017	2018	2019	2020
PTC[19] (Base=23 USD/MWh)	100%	80%	60%	40%	0%

It is important to note that the IRS[21], which supervises the tax credits, has yet to clarify the two conditions that projects must fulfil to be qualified for the incentives:

- "Start of construction", which in previous extensions included not only current commencement but also investment of 5% of the total project cost by, for example, purchasing the WTGs or substation for the project.
- “Continuous progress”: under previous extensions, it was sufficient for the project to enter into service within two years from the beginning of the construction. Lags of higher than two years required presentation of additional documentation evidencing "continuous progress".

Subject to those clarifications, projects commissioned before 2019 (whose construction starts in 2016) will receive 100% of the incentive; those commissioned in 2019 (whose construction starts in 2017) will collect 80%; and successively up to 2021.

Commercial operation date (COD)[22]:	2016-2018	2019	2020	2021	2022
PTC[19] (Base=23 USD/MWh)	100%	80%	60%	40%	0%

In addition to the extension of tax credits for wind production, offshore projects qualify for investment tax credits (ITC)[23], which will also be phased out. Projects whose construction starts in 2016 will qualify for a 30% investment tax credit. The credit will be 24% for projects whose construction starts in 2017, 18% for those starting in 2018, and 12% for those starting in 2019.

[21] IRS: Inland Revenue Service.
[22] COD: Commercial Operation Rate
[23] ITC: Investment Tax Credits

2016 Guidance

2015 performance aligned with the priorities in the BP 2015-17.

In this favourable environment for demand in the short, medium and long term, Gamesa ended 2015 fully aligned with the priorities defined in its BP 2015-17E, in terms of both finances and management:

- **Seizing growth opportunities**, due to its strong competitive position in non-mature markets, with the result that revenues increased by 23% y/y to €3,504 million and the order book reached 3,197 MW at year-end, 28% higher than at the end of 2014. The order book and strong commercial activity provide a high degree of visibility for the volume targets this year.
- **Controlling structural expenses and steadily improving variable expenses**, which enabled Gamesa to:
  - fulfil in 2015 its 2017 goal of reducing fixed costs to below 8% of revenues,
  - offset the tensions caused by growth in emerging markets, new product launches and bringing new capacity on stream, and
  - offset the lower revenue contribution from services with higher levels of profitability,

  to end the year with increasing profit margins: the recurring EBIT margin pre-Adwen was 8.4%, 1.7 percentage points higher than in 2014.

- **Maintaining a strong balance sheet** due to profitable growth and control of working capital and fixed assets which enable it to end the year with a net cash position of €301 million, while working capital amounted to 0.3% of revenues and capex to 4.8% of revenues.
- **Working to boost the competitiveness of the product and service pipelines**, improving our position in mature markets with the launch of the 3.3 MW platform, which was presented at the Paris farm. The addition of the new platform gives Gamesa access to 100% of the onshore market and improves its competitive position in markets where 3 MW machines predominate, such as Canada, South Africa, Australia and Northern Europe.
- Finally**, Gamesa advances steadily to seek additional growth and value-creation opportunities beyond 2017, entering the offshore business by creating Adwen in 2015 and the beginning of solar photovoltaic activity in India, through the signature of contracts to develop 59 MW of solar projects**; the first project (11 MW) has already been delivered.

Making it possible to step up the commitments for 2017 and bring them forward

The result is that **Gamesa has improved on the commitments made in the business plan 2015-17 and brought them forward to 2016**: more profitable growth, while keeping capex and working capital under control, with the ultimate goal of accelerating shareholder value creation and paying attractive remuneration.

Gamesa now targets double-digit growth, above 19%, to achieve a volume of over 3,800 MWe and recurring EBIT pre-Adwen above €400 million[23], equivalent to over 36% annual growth and an EBIT margin above 9%[23].

In this context of growing beyond initial expectations, Gamesa will maintain its modular capex plan in order to keep satisfying its demand, with a capex goal that is similar to the 2015 objective: 4% - 5% of revenues. However, it has halved its working capital target: from 5% to 2.5% of revenues. Within term evolutions and in contrast with past trends, Gamesa expects both volume and profitability to be slightly stronger in the first half of 2016.

	2015	2016 Guidance[1]	2015 Guidance	
Volume (MWe)	3,180	>3,800	3,500-3,800	**More** profitable growth: activity >19%; operating profitability ≥36%
Underlying EBIT	294	>400	c. 362	
EBIT margin	8.4%	≥9%	>8%	
WC/revenues	0.3%	≤2.5%	<5%	**Keeping capex and working capital under control**
Capex/revenues	4.8%	4%-5%	<3.5%	
ROCE	**17%**	**Rising y/y**	**Rising y/y**	**Accelerating** value creation
Dividend proposal: pay-out ratio	25%	≥25%	≥25%	**Offering attractive remuneration**

1. At January-February 2016 average exchange rate and assuming no change in consolidation scope

Conclusions

In a context of increasing global demand, in which Gamesa's competitive position is improving, the company ended 2015 **with growth, profitability and balance sheet numbers that surpassed its commitments for the year and provided a 17% return on capital employed,** 6 percentage points higher than in 2014 and double the company's weighted average cost of capital[24].

Revenues amounted €3,504 million, i.e. 23% higher than in 2014, with a recurring pre-Adwen EBIT margin of 8.4%[25], i.e. 1.7 percentage points higher than in 2014. Favourable currency performance accounted for 5% growth in revenues and a 0.6 p.p. increase in the margin. **In absolute terms, and excluding Adwen, EBIT amounted to €294 million,** 54% higher than in 2014**, while net profit excluding Adwen increased 1.7x to €175 million[26].**

The company's strong competitive position was reaffirmed by sustained strong commercial activity, as **order intake increased by 17% y/y to 3,883 MW in 2015**, in line with the upper limit of the business plan target for 2017.The **order book at the end of December 2015 stood at 3,197 MW, 28% higher than a year earlier and covering 71%[27]** of the sales volume projected for 2016, i.e. 7 percentage points higher than the corresponding figure at 2014 year-end**.**

While increasing revenues and profitability, Gamesa continues to prioritise a strong balance sheet by controlling both working capital and capex. Against a backdrop of rising activity, Gamesa reduced working capital by 84% with respect to the end of 2014 and improved the working capital/revenues ratio by over 2 percentage points, to 0.3%. This reduction in working capital, together with greater operating cash flow and capex planning tied to growth**, enabled Gamesa to end 2015 with a net cash position of €301 million, equivalent to an NFD/EBITDA ratio of -0.6x.**

The fact that Gamesa exceeded its goals for 2015, coupled with its solid competitive positioning and a management focus on shareholder value creation, have enabled the company to **increase its goals for 2017 and bring them forward to current period[28].** Strong commercial activity, reflected in the order intake reaching the high end of the volume range projected for 2017, makes it possible to project activity exceeding 3,800 MW in 2016. Growth in activity, control of structural expenses and ongoing cost optimisation make it possible to increase absolute profitability goals by 10% with respect to the initial target for 2017 and by 36% with respect to 2015, to €400 million, equivalent to a margin of at least 9%. Gamesa maintains its commitment to a sound balance sheet, which it will fulfill through strict control of working capital, which is targeted not to exceed 2.5% of revenues; capex will continue

[24] Weighted average cost of capital: 8.5% based on average from analysis firms and internal calculations.
[25] Excluding the impact of creating and booking Adwen on EBIT (€29 million) and net profit (-€5 million).
[26] Recurring net profit pre-Adwen, excluding a negative impact of €5 million that correspond to de consolidation of Adwen in 2015
[27] Coverage calculated as orders for activity in 2016 with respect to the volume guidance for 2016 (>3,800 MWe).
[28] Guidance at average January-February exchange rate and assuming no change in consolidation scope.

to be driven by the company's growth needs while remaining approximately in line with 2015 as a percentage of revenues. The company also undertakes to maintain an attractive remuneration policy, with a pay-out ratio of 25%[29] or higher; the final amount will depend on additional growth and value creation opportunities that are within the company's reach.

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 responsibility of each business unit, together with the Corporate Division.

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, and to which a budget is finally assigned.

In 2015, the main increase in the the section “Research development costs” of the Intangible Assets was due to the development of 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 €44,234 thousands (approximately €49,766 thousands in 2014).

[29] Subject to a proposal by the Board and approval by the Shareholders' Meeting.

7. TREASURY SHARE OPERATIONS

At December 31, 2015 Gamesa holds a total of 3,116,702 treasury shares representing 1.116% of share capital.

The total cost for these treasury shares amounts €46,244 thousands, each with a par value of €14,837.

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, 2015.

8. CAPITAL STRUCTURE

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 7 of the By-laws of Gamesa Corporación Tecnológica, S.A., in the wording approved on May 8, 2015 *"The share capital is FOURTY SEVEN MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND SIX HUNDRED NINETY THREE EUROS AND SEVENTY-NINE CENTS (€47,475,693.79), represented by 279,268,787 ordinary shares of seventeen cents nominal value each, numbered consecutively from 1 to 279,268,787, comprising a single class and series, which are fully subscribed and paid."*

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information in the possession of GAMESA CORPORACION TECNOLOGICA, S.A. the capital structure at December 31, 2015 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.		8,397,066	3,007
FIDELITY INTERNATIONAL LIMITED		3,084,395	1,104

(*) 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 30 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 By-laws.

In accordance with the Article 13.2 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 a) the Appointments and Remuneration Committee in the case of independent Directors, or b) by a report by the said Committee in the case of all other categories of Directors. Article 13.3 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 14 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.*

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 the prior pharagraph.”

Finally, article 7.4 of the Appointments and Remuneration Committee Regulations makes it the responsibility of that *"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 15 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 to the Shareholders General Meeting must be subject to a formal evaluation process under the terms provided by law. The agreement of the Board of Directors of summiting the re-election of directors to the Shareholder General Meeting shall necessarily include a proposal or report issued by the Appointments and Remuneration Committee, while the one of the remain directors should have a prior favourable report by such Committee.*

The Directors that form part of the Appointments and Remunerations Committee must abstain from being involved with any deliberations and votes that involve themselves.

The re-election of a Director that takes part in a Committee or that practices and internal position in the Board of Directors or in any of its committees will determine its continuation in such position *without the necessity of an express re-election and that does not affect the revocation power that corresponds to the Board of Directors."*

The dismissal of Directors is governed by article 16 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 on the mention of the Board of Directors or of the shareholders in accordance with the terms provided by law."*

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 16.2 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 Proprietary Directors where said Directors or the shareholders they represent should cease to hold a significant and stable shareholding in the Company, or where they said shareholders should revoke the representation conferred on the Director.

b) In the case of executive Directors, when they cease the executive positions to which its appointment as Director is associated, and in any case, where the Board of Directors should consider this appropriate.

c) In the case of non-executive Directors, where they should join the executive line of the Company or any of the Group companies.

d) Where, for supervene in reason, they incur in any of the circumstances of disqualification or prohibition envisaged in the current regulations, in the Corporate By-laws, or in these Regulations.

e) 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

f) Where they should receive a serious reprimand from the Board of Directors, or should be punished for a serious or very serious offense by a public authority, for having infringed their duties as Directors.

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

h) 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."

In accordance with points 3,4 and 5 of the quoted article *"in any of the indicated events in the prior section, the Board of Directors will require the Director to cease from its position and where appropriate, will propose its resignations to the General Meeting. As an exception, it will not be applicable the aforementioned in the resignations cases determined in the letters a), d), f) y g) when the Board of Directors estimates that are causes that justify the permanency of the Director, without prejudice to the effect that the new supervening circumstances may have on its mark.*

The Board of Directors will only be able to propose the resignation of an independent Director before *the course of his mandate when it ends until fair cause, considered by the Board of Directors, on the motion of the Appointments and Remunerations Committee. Particularly, for having break the inherent duties of its positions or for having incurred in any circumstance provided in the law as incompatible for the entrance to that category.*

The Directors that may resign from their position before the termination of their duty should send a letter to all the members of the Board of Directors explaining the reasons of the resignations".

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 by Royal Legislative Decree 1/2010 of July 2 (the "Capital Companies Act").

Additionally, the modification of the By-laws is governed by the provisions considered in the By-Laws and in the Shareholder General Meeting Regulations of the Company.

In this regard, about its modification, Articles 14. h) of the By-Laws and 6.1 h) of the Shareholder General Meeting Regulations claim that that corresponds to the Shareholder General Meeting of Gamesa.

Likewise, articles 18 of the By-Laws and 26 of the Shareholder General Meeting Regulations include quorum requirements for the adoption of agreements by the Shareholder General Meeting. On the other hand, Articles 26 of By-Laws and 32 of the Shareholder General Meeting Regulations consider the necessary majorities for these effects.

Furthermore, article 31.4 of Shareholder Regulations indicates that the Board of Directors according to what is provided by law will prepare proposals for different resolutions for those matters that are substantially independent, so that shareholders may separately exercise their voting preferences. This rule is particularly applicable in the case of amendments to the By-laws, with votes taken on all articles or groups of articles that are materially independent.

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

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 May 23, 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, 2015 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 9 of the Agenda.

"To expressly authorize the Board of Directors, with express powers of substitution, pursuant to the provisions of article 146 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, or indirectly through its controlled companies.

b.- Acquisitions of shares 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 110% of their listed price on the date of acquisition.

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

f. - 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 28, 2010, in that part left to run.

g.- As a consequence of shares acquisition, including those that the Company or the person that acts on its self but on behalf of the Company may have acquired priory or have had treasury shares, the resulted equity will not be lower than the amount of the sum of the share capital plus the legal and unavailable statutory reserves, all under what is provided in letter b) of the Article 146.1 of the Spanish Companies Act.

Finally and in relation with the provision of the last paragraph of article 146.1.a) of the Spanish Companies Act, it is stated that the shares acquired pursuant to this authorization may be used by the 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 (Relevant Event number 208151) and of March 9, 2015 (Relevant Event number 219885) 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.

Finally, on December 17, 2015, Gamesa Energía, S.A.U. (as buyer) and GESTION ELABORACION DE MANUALES INDUSTRIALES INGENIERIA Y SERVICIOS COMPLEMENTARIOS, S.L., INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U., CAF POWER & AUTOMATION, S.L.U. y FUNDACION TECNALIA RESEARCH & INNOVATION (as sellers) signed a Purchase-sale Agreement of social Shares which is subject to a condition precedent that regulates the acquisition of 50% of NUEVAS ESTRATEGIAS DE MANTENIMIENTO, S.L. (NEM). The Condition Precedent consists of the authorization of the NATIONAL SECURITIES MARKET COMMISSION AND OF THE COMPETITION BOARD determined in the Article 7.1.c) of 15/2007 Law, of July 3, of The Commission of Protection of Competition. On the same date, and with aim of regulating the relations between Gamesa Energía and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF), as potential partners of NEM (in his case) the parties signed a Partner Agreement. According to the regulations gathered in the Partner Agreement, in the event of a change of control in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Gamesa Energía, S.A.U. should offer to the rest of partners the direct acquisition of their shares in NEM.

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 two 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 consider 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: 12-31-2015

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.		IBERDROLA PARTICIPACIONES, S.A. UNIPERSONAL	54.977.288	19,686
BLACKROCK INC.			8.397.066	3,007
FIDELITY INTERNATIONAL LIMITED			3.084.395	1,104

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

Shareholder's name or company name	Operation date	Operation description
BT PENSION SCHEME TRUSTEES LIMITED	04/30/2015	Increased its shareholding more than 3% up to 3.069%
BT PENSION SCHEME TRUSTEES LIMITED	07/17/2015	Decreased its shareholding under 3% down to 2.968%
IBERDROLA, S.A.	07/21/2015	Increased its shareholding more than 15% up to 16.686%
BT PENSION SCHEME TRUSTEES LIMITED	08/26/2015	Increased its shareholding more than 3% up to 3.161%

FIDELITY INTERNATIONAL LIMITED	08/28/2015	Increased its shareholding more than 1% up to 1.104%
BLACKROCK INC.	08/28/2015	Decreased its shareholding under 3% down to 2.951%
NORGES BANK	09/24/2015	Decreased its shareholding under 3% down to 2.981%
BLACKROCK INC.	09/30/2015	Increased its shareholding more than 3% up to 3.006%
BLACKROCK INC.	10/01/2015	Decreased its shareholding under 3% down to 2.957%
NORGES BANK	10/08/2015	Increased its shareholding more than 3% up to 3.005%
NORGES BANK	10/09/2015	Decreased its shareholding under 3% down to 2.992%
NORGES BANK	10/15/2015	Increased its shareholding more than 3% up to 3.044%
NORGES BANK	11/12/2015	Decreased its shareholding under 3% down to 2.969%
NORGES BANK	11/20/2015	Increased its shareholding more than 3% up to 3.073%
DIMENSIONAL FUND ADVISORS LP	11/20/2015	Decreased its shareholding under 3% down to 2.985%
BT PENSION SCHEME TRUSTEES LIMITED	11/25/2015	Decreased its shareholding under 3% down to 2.886%
BLACKROCK, INC.	12/17/2015	Increased its shareholding more than 3% up to 3.154%
NORGES BANK	12/22/2015	Decreased its shareholding under 3% down to 2.982%
BLACKROCK INC	12/23/2015	Increased its shareholding more than 3% up to 3.173%

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 %
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 %
Hernández García, Gloria	400		0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.000 %
Cendoya Aranzamendi, Andoni	300		0	0.000 %
Aracama Yoldi, José María	207		0	0.000 %
Vázquez Egusquiza, José María	0		0	0.000 %
Góngora Bachiller, Gema	0		0	0.000 %
Villalba Sánchez, Francisco Javier	0		0	0.000 %

Total % of voting rights in the power of the Board of Directors	0.051 %

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		

See note (A.3) in Section H of this report.

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 5 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
3,116,702	0	1.116

(*) Using the:

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

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

Explain the significant variations
Pursuant to article 40 of *Royal Decree 1362/2007 of 19 October, implementing the Spanish Securities Market Act (Law 24/1988 of 28 July), regarding 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*, these issuers must inform the National Securities Market Commission (CNMV) of the proportion of voting rights held when, from the last treasury stock acquisition announcement, they acquire their own shares amounting to at least 1% of the voting rights via a single transaction or successive transactions.

In this regard, during 2015 GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (hereinafter referred to as "Gamesa" or the "Company" and the group of companies of which Gamesa is the parent company, the "Gamesa Group" or simply the "Group") made twelve announcements of direct acquisitions of treasury stock, since all of them exceeded the 1% threshold of the voting rights since the previous similar announcement. The announcements made are detailed below:

- Announcement date: 7 January 2015, with a total number of directly acquired shares of 2,866,068, thus a capital share total of 1.03%.
- Announcement date: 4 February 2015, with a total number of directly acquired shares of 2,988,202, thus a capital share total of 1.07%.
- Announcement date: 9 March 2015, with a total number of directly acquired shares of 3,084,560, thus a capital share total of 1.10%.
- Announcement date: 13 April 2015, with a total number of directly acquired shares of 2,890,915, thus a capital share total of 1.04%.
- Announcement date: 11 May 2015, with a total number of directly acquired shares of 2,829,538, thus a capital share total of 1.01%.
- Announcement date: 9 June 2015, with a total number of directly acquired shares of 2,858,511, thus a capital share total of 1.02%.
- Announcement date: 7 July 2015, with a total number of directly acquired shares of 2,975,607, thus a capital share total of 1.07%.
- Announcement date: 12 August 2015, with a total number of directly acquired shares of 3,176,512, thus a capital share total of 1.14%.
- Announcement date: 8 September 2015, with a total number of directly acquired shares of 2,810,019, thus a capital share total of 1.01%.
- Announcement date: 13 October 2015, with a total number of directly acquired shares of 2,863,809, thus a capital share total of 1.03%.
- Announcement date: 12 November 2015, with a total number of directly acquired shares of 2,910,224, thus a capital share total of 1.04%.
- Announcement date: 29 December 2015, with a total number of directly acquired shares of 2,809,212, thus a capital share total of 1.01%.

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 8, 2015, 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 nine of the agenda is transcribed below:

"To expressly authorise the Board of Directors, with the express powers of substitution, as per the dispositions in article 146 of the Companies Law for the derivate acquisition of the Gamesa Corporación Tecnológica, Sociedad Anómina's ("Gamesa" or the "Company") own shares in the following terms:

a.- The acquisitions may be made by Gamesa or by any of its depending companies in the same terms of this agreement.
b.- The share acquisitions will be made through sales, swaption or any other legally permitted operations.
c.- The acquisitions may be made, at each time, up to the legally allowed maximum figure.
d.- The minimum share price will be their nominal value and the maximum will not be 110% above their market quotation value on the date of acquisition.
e.- The shares acquired may subsequently be transferred in freely decided conditions.
f.- 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 28, 2010.
g.- The shareholders' equity resulting from the acquisition of shares, including those that the Company or the person acting in their own name but for the account of the Company has previously acquired and holds as treasury shares, shall not be less than the amount of share capital plus the reserves that are restricted under the law or the By-Laws, all pursuant to the provisions of letter b) of section 146.1 of the Companies Law.

Lastly, and in relation to the dispositions in article 146.1.a) last paragraph of the Companies Law, 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.9 bis Estimated free float:

	%
Estimated free float	75.04

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 bylaws. Specifically, the majorities laid down for amending the bylaws will be communicated as well as, where applicable, the set standards for enforcing the rights of partners when amending the bylaws.

The amendment of the Gamesa Bylaws is governed by articles 285 through 290 of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July (the "Corporate Enterprises Act").

Additionally, the amendment of the Gamesa Bylaws is governed as stipulated in the Company's own Bylaws and the Regulations of the Company's General Shareholders Meeting.

In this regard, regarding to the capacity for amendment, articles 14 h) of the bylaws and 6.1 h) of the Regulations of the General Shareholders Meeting state that this capacity pertains to the Gamesa General Shareholders Meeting.

Articles 18 h) of the Bylaws and 26 of the Regulations of the General Shareholders Meeting include the quorum requirements for adopting decisions by the General Shareholders Meeting. Articles 26 of the Bylaws and 32 of the Regulations of the General Shareholders Meeting stipulate the majorities necessary to do so.

Article 31.4 of the Regulations of the General Shareholders Meeting states that the Board of Directors, in accordance with the law, will form proposals for different agreements regarding 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 bylaws, to each article or a group of articles which are substantially independent.

Finally, in accordance with article 518 of the Corporate Enterprises Act, with the notice convening the General Shareholders Meeting in which a proposal is made to amend the Bylaws, the Company's website will post the complete text of the agreement proposals on the items in the agenda proposing said amendment, and the reports from the competent bodies in relation thereto.

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**
05-08-2015	24.37	34.51	0.00	0.00	58.88
05-28-2014	22.73	26.49	0.00	0.00	49.22

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 Repealed paragraph.

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 Bylaws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. rule in its article 48 the Webpage of the company according to the current legislation.

The obligatory 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 3/2015, dated June 23, of the Comisión Nacional del Mercado de Valores (National Securities Exchange Commission), on the technical and legal specifications that the webpage of the issued companies and the saving accounts that issue securities admitted in the official secondary securities markets must include, 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 3/2015, dated June 23) 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 3/2015 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 seven years, it is worth noting that the Company has finished in 2015 (in compliance with the internal regulation on maintenance and updating the corporate website, currently under revision), 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	5

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

Director's name or company name	Representative	Directors's category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
Martín San Vicente, Ignacio		Executive	Chairman and CEO	05-23-2012	06-29-2012	General Meeting
Arregui Ciarsolo, Juan Luis		Independent	Vice Chairman	01-28-1976	04-19-2013	General Meeting
Rodríguez-Quiroga Menéndez, Carlos		Executive	Director and Secretary	09-27-2001	04-19-2013	General Meeting
Vázquez Egusquiza, José María		Independent	Director	05-25-2007	04-19-2013	General Meeting
Lada Díaz, Luis		Independent	Director	10-23-2009	04-19-2013	General Meeting
Aracama Yoldi, José María		Independent	Director	03-08-2011	04-19-2013	General Meeting
Rubio Reinoso, Sonsoles		External Proprietary	Director	12-14-2011	06-29-2012	General Meeting
Aldecoa Sagastasoloa, José María		Independent	Director	07-25-2012	04-19-2013	General Meeting
Villalba Sánchez, Franciscp Javier		External Proprietary	Director	02-25-2015	05-08-2015	General Meeting
Hernández García, Gloria		Independent	Director	05-08-2015	05-08-2015	General Meeting
Cendoya Aranzamendi, Andoni		Independent	Director	05-08-2015	05-08-2015	General Meeting
Góngora Bachiller, Gema		External Proprietary	Director	05-27-2015	05-27-2015	Board of Directors Cooption

Total number of directors	12

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
Moreu Munaiz, Manuel	Independent	02-17-2015
Castresana Sánchez, Ramón	External Proprietary	05-27-2015

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	Position in the company's organizational chart
Martín San Vicente, Ignacio	Chairman and CEO
Rodríguez-Quiroga Menéndez, Carlos	Director-Secretary of the Board of Directors and Legal Counsel

otal number of executive directors	2
% of the total of the board	16,67

EXTERNAL PROPRIETARY DIRECTORS

Director's name or company name	Name or company name of the significant shareholder acting as representative or who approved his/her appointment
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.
Villalba Sánchez, Francisco Javier	IBERDROLA, S.A.
Góngora Bachiller, Gema	IBERDROLA, S.A.

Total number of proprietary directors	3
% of the total of the board	25

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 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., of its Audit and Compliance Committee and of its Appointments Committee.

	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 Member of the Board of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and Member of the Executive Committee. 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.

	Currently, he is non-executive Chairman of Grupo Segur, member of the Board of Directors of Indra Sistemas and member of its Strategy Committee, Administrator of Ribafuerte, S.L. and Chairman of Perlora Inversiones. He is also member of the Counsel Board of ASSIA Inc., 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, and Coordinating Director 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 Remunerations 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 Veolia), 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.
Hernández García, Gloria	Born in Madrid, she holds the position of Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and Chairman of its Audit and Compliance Committee.

	She studied at the Complutense University of Madrid, where she obtained a degree in Economic Sciences with a specialty in Economic Theory. She is currently the General Director of Finance and Capital Markets of Bankinter, S.A., manager of the treasury of the company, of balance sheet risk management, of solvency and calculation, and of the management of the resources of the Bankinter Group, as well as responsible for the budget control and the efficiency, the investors relations, accountancy policies and the financial control, the accounts and the financial information of the Bankinter group and the coordination of the relationship of the entity with the ECB. She is member of the Management Committee of Bankinter, S.A., Director as representative of Bankinter in Linea Directa Aseguradora, S.A:, Bankinter Gestión de Activos SGIIC, Bankinter Luxembourg, S.A. And Chairman of Bankinter Securities, S.A. Before joining Bankinter, S.A., she served for over seven years as the Financial Director of Banco Pastor, S.A. Doña Gloria Hernández García is Commercial Technician and State Economist on personal leave, and as such she worked until 2003 in different public posts connected to the Directorate General of the Treasury and Financial Policy, where she also held the position of General Manager of the Treasury. She also was nata Director of the CNMV and the Bank of Spain. At last, she has had significant international experience by being, among others, a representative member of Spain on Committees of the European Union and Director of the subsidiary of Bankinter in Luxembourg.
Cendoya Aranzamendi, Andoni	Born in in Deba (Gipuzkoa), he holds the position of Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and Chairman of the Appointments Committee and of the Remunerations Committee.

	He holds a Master's in Electrical Engineering from the Escuela de Armería in Eibar, and a Master's in Human Resources from CEREM. Andoni Cendoya Aranzamendi has broad experience in the industrial sector, having undertaken the majority of his career in a leading group of the aeronautical sector (the ITP Group). He also adds to his sectoral knowledge with experience in other sectors, with his role in the negotiation of restructuring the naval sector and the renewal of the bank agreement, both in the Basque Country, being particularly outstanding. He has experience in the senior management of international companies, acquired during his time as the Executive Director of Human Resources of the ITP Group, where he was also a member of the Management Committee of the Group. He also has experience in the management of international companies, as he was part of the management team of ITP's subsidiaries in England and Mexico. Specifically, he started up the operations of the latter.

Total number of independent directors	7
Total % of the board	58,33

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

Other external directors will be identified and the reasons because they cannot be considered external proprietaries or independents and its entails, with the company, its managers, or its shareholders, will be detailed:

Director's name or company name	Reasons	Company, manager or shareholder with whom the entail is maintained

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

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

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

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 at the closing of the last 4 years, as well as the category of each one:

	Number of female board members				% of the total directors of each category			
	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	2	1	1	1	66.67%	50%	50%	50%
Independent	1	0	0	0	14.29%	0%	0%	0%
Other External	0	0	0	1	0%	0%	0%	100%
Total:	3	1	1	2	25%	10%	10%	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 erstwhile Appointments and Remuneration Committee, and now the Appointments Committee (since 16 December 2015, and as a result of the splitting of this committee into two separate ones), actively seeks, either directly or with external advice from outsourced companies, to include candidates in the different Director selection processes in adherence to the guidelines included in the "Director Selection Policy" approved by the Board of Directors on 23 September 2015. During 2015, two new directors were appointed, namely Gloria Hernández and Gema Góngora. Thus, women currently make up 25% of the Board of Directors. These appointments bring the Company a step closer to reaching the target of 30% women directors on the Board of Directors by 2020, as included in the cited Policy [section 4.c)] and in Recommendation number 14 of the Code of Good Governance for listed entities approved by the National Securities Market Commission on 18 February 2015. Likewise, article 7.5 of the Regulations of the Appointments Committee contemplates that the duties of the Committee include "*establishing a representation target for the gender least represented in the Board of Directors and drawing up various guidelines on how to reach them.*"

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 that the Company deliberately seeks and includes among the potential candidates, women who meet the sought after professional profile:

Explanation of the measures
The Appointments Committee, in application of Article 14 of the Regulations of the Board of Directors, has established that director selection criteria shall entail reputation/credibility, solvency, competence and experience, procuring that female candidates meeting this profile are selected in this selection process. Additionally, article 7.4 of the Regulations of the Appointments Committee stipulates a further duty of the Committee, namely *"guaranteeing that the selection procedures are safeguarded from any implicit bias that could entail discrimination"* (this duty of the Appointments Committee was also contemplated in the repealed Regulations of the Appointments and Remuneration Committee under article 8.4).

Section 4 c) of the "Director Selection Policy" approved by the Board of Directors on 23 September 2015 likewise states that *"the selection of directors must be safeguarded from any implicit bias that could entail discrimination of any sort and, in particular, interfere in the selection of female directors".*

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
N/A

C.1.6 bis Explain the conclusions of the Appointments Committee regarding the verification of compliance with the director selection policy. And, in particular, how this policy is promoting attainment of the target to have the number of female directors represent at least 30% of the total members of the board of directors by the year 2020.

The Appointments Committee arrived at the following conclusions in 2015 insofar as verification of compliance with the Director Selection Policy:

- The Company applied and observed Gamesa's internal rules and regulations and good governance recommendations in its Director selection and appointment processes.

- These rules, principles and recommendations were precisely reflected in the "Director Selection Policy" approved by the Board of Directors in its session held on 23 September 2015.

- The Company shall continue applying and deepening the principles contained in the "Director Selection Policy" for future selection processes and promote the selection of directors with independent profiles having international professional experience, specialized and solvent in the business areas of Gamesa.

- The Company shall seek to comply with the objective to have women represent at least 30% of the Board of Directors by actively seeking such profiles as vacancies arise.

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

Shareholders holding significant stock are represented on the Board of Directors as Non-Executive Proprietary Directors. According to article 11 of the Regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., directors are categorized into *"(a) executive directors; and (b) non-executive directors. Non-executive Directors may also be Independent, Proprietary or other External Directors.*

The status of each Director will be determined in accordance with legal provisions and must be explained by the Board of Directors before the General Shareholders Meeting that will carry out or approve their appointment and confirm or, where applicable, revise it annually in the Annual Corporate Governance Report after being verified by the Appointments and Remuneration Committee."

Moreover, it should be mentioned that article 9.4 of the Regulations of the Board of Directors states that "*the Board of Directors shall ensure that proprietary and independent directors are integrated in the majority group of non-executive directors, maintaining a balance regarding the complexity of the Group, the ownership structure of the company, the absolute and relative importance of significant shares, as well as the degree of continuity, commitment and strategic links with the holders of these stocks in the company."*

Further, article 13.4 of the cited Regulations of the Board of Directors establishes that "*the provisions set forth in this chapter shall be binding notwithstanding the full freedom of the General Shareholders Meeting to decide on the appointment of directors."*

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

Francisco Javier Villalba Sánchez is an external proprietary director, appointed on 25 February 2015 by motion of Iberdrola, S.A. and last re-elected at the General Shareholders Meeting on 8 May 2015.

Gema Góngora Bachiller is an external proprietary female director, appointed on 25 May 2015 by motion of Iberdrola, S.A. and her appointment will undergo ratification procedure at the next General Shareholders Meeting.

See note (C.1.7) in Section H of this report.

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 3% 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, at least explain the reasons given below:

Director name	Reason for resignation
Moreu Munaiz, Manuel	Personal reasons
Castresana Sánchez, Ramón	Personal reasons

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	Has executive functions?

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 Board of Directors' Regulations has established rules on the maximum number of companies' boards its directors may be a part of:

Yes X **No** ☐

Explanation of the rules
Article 10 of the Board of Director's Regulations establishes rules on the maximum number of companies' boards its directors may be a part of: "***Article 10. Incompatibilities for becoming a Director*** *The following individuals cannot be Directors or, where applicable, natural person representatives of a Legal Entity Director:* *(..)* *b) Any individual acting in the position of administrator of three or more companies whose shares are traded in domestic or foreign securities markets.* *(…)"*

C.1.14 Repealed paragraph.

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

Remuneration of the Board of Directors (thousands of euros)	4,492
Amount of the rights accumulated by the current directors regarding pensions (thousands of euros)	850
Amount of the rights accumulated by the former directors regarding pensions (thousands of euros)	0

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)	7,666

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:

Related board member's name or company name	Related, significant shareholder's name or company name	Relationship description
Villalba Sánchez, Francisco Javier	Elektro Electricidade e Serviços, S.A.	Director Chairman
	Iberdrola USA Networks, Inc.	Director Chairman
	Iberdrola Distribución Eléctrica, S.A.	Director Chairman
	Scottish Power Energy Networks Holdings Ltd.	Director Chairman

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
Villalba Sánchez, Francisco Javier	IBERDROLA, S.A.	General Director of Networking Business of the Iberdrola group
Góngora Bachiller, Gema	IBERDROLA, S.A.	Director of Development and Executive Management

See note (C.1.17) in Section H of this report.

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

Yes X **No** ☐

Amendment description
The Board of Directors approved the amendment to the Regulations of the Board of Directors during its session on 24 March 2015. The Regulations of the Board of Directors was amended to adapt its content to the developments incorporated in the Corporate Enterprises Act by Law 31/2014 of 3 December, which amended the Corporate Enterprises Act for improving corporate governance in accordance with the statutory modifications and the Regulations of the General Shareholders Meeting that had been proposed for submission to the General Shareholders Meeting, and for incorporating further wording and technical improvements, simplifying its content and the wording of some of its articles. Likewise, the reform to the Regulations of the Board of Directors sought to incorporate further improvements in corporate governance entailing the most recent and generally accepted recommendations throughout international markets In particular for this last point, the following improvements are particularly salient: a) The revision of the capacities of Gamesa's Board of Directors for reflecting the nature of its functions as a collegial management body of a company that primarily undertakes duties as a *holding*.

b) The development of the counterweights contemplated in the Corporate Governance Standards of the Company regarding the powers of the delegated bodies, expanding the capacities of the Coordinating Director in line with the recommendations of the Code of Good Governance for listed companies.

c) The shoring up of Gamesa's relationships with the company and its corporate social responsibility.

This reform thus concludes the adaptation of the Gamesa Corporate Governance Standards to the pertinent legislation in force.

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

Selection and appointment procedure:

Article 30 of the Gamesa Bylaws states that the members of the Board of Directors are "appointed or ratified by the General Shareholders Meeting" with the provision that "if during the period for which they were appointed, the board members leave their positions, the Board of Directors may designate, from among the other shareholders, individuals who should occupy them until the next General Shareholders Meeting", always in accordance with the provisions contained in the applicable Corporate Enterprises Act and Company Bylaws.

Moreover, in accordance with article 13.2 of the Regulations of the Board of Directors, proposals for appointing directors submitted by the Board of Directors to the General Shareholders Meeting for consideration and the appointment decisions adopted following the co-option procedure must be preceded by: (a) for Independent Directors, a proposal from the Appointments Committee; and (b) in other cases, a report from the cited committee. In this regard, article 13.3 of the cited regulations states that when the Board of Directors declines the proposal or the report from the Appointments Committee mentioned in the above section, it must justify doing so and include a record of it in the minutes.

Further, article 13.4 of the cited Regulations of the Board of Directors states that "the provisions set forth in this chapter shall be binding notwithstanding the full freedom of the General Shareholders Meeting to decide on the appointment of directors."

Finally, article 14 of the cited regulations states that the Board of Directors and Appointments Committee, shall make an effort, within the sphere of their competencies, to ensure that the proposal and election of candidates falls on individuals of renowned reputation, solvency, competence and experience, adding that "for legal entity directors, the natural person representing it in the performance of the duties related to the position will be subject to the conditions included in the previous paragraph".

Re-election procedure:

Article 15 of the Regulations of the Board of Directors addresses the re-election of directors in that proposals for re-electing directors submitted by the Board of Directors to the General Shareholders Meeting must be accompanied by the corresponding substantiating report as established by law. The resolution of the Board of Directors to submit the re-election of Independent Directors to the General Shareholders Meeting must be adopted upon proposal of the Appointments Committee, while the re-election of other Directors must have a prior favorable report from this committee.

In this regard, section 2 of the cited article adds that directors who are part of the Appointments Committee must abstain from taking part in the deliberations and votes that affect them.

Finally, section 3 states that "the re-election of a Director who is part of a committee or who holds an internal position on the Board of Directors or one of its committees will determine his/her continuity in this position without requiring express re-election and notwithstanding the power of revocation which corresponds to the Board of Directors."

Assessment procedure:

Article 25.8 of the Regulations of the Board of Directors addresses the director assessment procedure, establishing that the Board of Directors shall assess at least once yearly (a) the quality and effectiveness of its operation; (b) the performance of duties of the Chairman of the Board of Directors, and if applicable, of the CEO and Coordinating Director, based on the report submitted to the Appointments Committee; and (c) the operation of the committees based on the reports they submit to the Board of Directors.

Removal procedure:

In keeping with Company Bylaws, directors shall serve in their position for a period of four years, so long as the General Shareholders Meeting does not agree on their removal and they do not resign from their position.

Article 16 of the Regulations of the Board of Directors states that "directors will cease their position once the period for which they were appointed has elapsed, though they may nevertheless be re-elected, and whenever the General Shareholders Meeting decides to do so as proposed by the Board of Directors or the shareholders, in the terms set forth by law."

The removal processes and criteria shall follow the relevant provisions in the Corporate Enterprises Act and Royal Decree 1784/1996 of 19 July, which approved the Companies Register Regulation.

Finally, section 2 of article 16 of the Regulations of the Board of Directors contemplates the circumstances in which directors must offer their position to the Board of Directors and formalize their resignation, should the Board sees fit to do so, in any case subject to a report from the Appointments Committee.

C.1.20 Explain to which extent the annual evaluation of the Board resulted in important changes in its internal organization and the procedures applicable to its activities:

Amendment description
GAMESA CORPORACIÓN TECNOLÓGICA, S.A. commissioned external assessors to assess its administration bodies in 2014, resulting in the detection of a series of areas of improvement, promoting progress in three areas: a) expansion of the Board of Directors to incorporate the necessary profiles; b) increase in the efficiency of its operations; and c) buttressing the governance model. In particular, the results of the assessment were presented during the meeting of the Board of Directors on 25 February 2015, and said improvements were nearly all implemented during 2015. The most significant changes included an increase in the number of members on the Board of Directors, an increase in women board members, the incorporation of independent directors with expert profiles in the areas of accounting and finance, human resources or experience in industrial sectors, the use of a data repository for members of the Board of Directors, the implementation of training plans for Directors and the furthering in the definition of the duties of the Coordinating Director.

C.1.20.bis Describe the assessment process and areas assessed by the board of directors with the assistance, where pertinent, of an external consultant, regarding the diversity in the composition, capacities and operations thereof; composition of the board's committees; performance of the chairman of the board of directors and chief executive officer of the company; and the performance and contribution of each director.

The assessments conducted during 2014 and 2015 were done with the support of external consultants. The assessment process was carried out through preparatory work sessions led by the Chairman of the Appointments Committee with the participation of the directors from the cited Committee, assistance from the Secretary of the Committee and internal areas responsible for the corporate governance of the Company, the review of minutes and internal Company documentation, and, finally, through a comparative analysis with the best practices in corporate governance.

The areas assessed for the Board of Directors and Committees were the composition, operation, implementation of capacities, discharge of duties, and the relationship with other bodies. The Chairman of the Board and CEO were assessed in the same areas regarding the role's profile, implementation of capacities, discharge of duties, and the relationship with other bodies. The individual assessment of each director examined the same aspects on the profile and implementation of capacities.

C.1.20.ter Provide a breakdown, if necessary, of the business relationships that the consultant or any company of the consultant's group maintains with the company or any company of its group.

N/A

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

As established in Article 16.2 of the Board of Director's Regulations, *"directors or the natural person representing a Legal Entity Director must offer their resignation to the Board of Directors and formalize it, if the Board sees fit, subject to a report provided by the Appointments and Remuneration Committee in the following cases:*

a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the owners of significant stocks in the Company, as well as when such shareholders revoke representation.
b) Concerning Executive Directors, when they are removed from the executive positions associated with their appointment as Director and, in all cases, whenever the Board of Directors considers it necessary.
c) Concerning Non-executive Directors, when they join the management of the Company or of any of the companies in the Group.
d) When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards.
e) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Capital Company Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense brought by supervisory authorities.
f) Whenever they are issued a serious warning by the Board of Directors or are sanctioned for a serious or very serious offense by a public authority for having breached their duties as Directors in the Company.
g) Whenever their continuity on the Board of Directors could put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.
h) When, due to acts attributable to the Director acting in his/her capacity as such, cause significant damage to the Company's assets, or the reputation of the Company, 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 Repealed paragraph.

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

Yes X **No □**

Where applicable, describe the differences.

Description of the differences
The Regulations of the Board of Directors (article 4.4) requires of at least two-thirds of the directors attending the meeting to pass amendment thereof (save for modifications imposed by mandatory standards, in which case a simple majority will be required to adopt the resolution). Article 18.3 of the Regulations of the Board of Directors stipulates that in case the position of Chairman of the Board of Directors is held by an executive director, "removal from the position of this director will require the absolute majority of the members of the Board of Directors." Additionally, article 29.8 of the cited regulations states that the formalization of the contract establishing the remuneration and further terms and conditions of executive directors for the performance of management duties, must be approved by the Board of Directors with at least a favorable vote of two-thirds of its members.

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 32.4 of the By-Laws and article 28.2 of the Board of Director's Regulations establishes that *"in the event of a tie, the Chairman will have the 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 bylaws or regulations of the board of directors establish specific standards for awarding a proxy vote on the board of directors, how to do so and, specifically, the maximum number of awarded proxy votes a director can have, as well as whether there is any limitation insofar as the categories that can be delegated in addition to the limitations imposed by legislation. Where applicable, detail these standards briefly.

Article 25.3 of the Regulations of the Board of Directors states that *"directors must attend the sessions held. However, Directors may cast their vote in writing or delegate in writing their representation to another Director, specifically for each meeting, and the number of representations that each Director can receive is not limited. Non-executive directors may only delegate representation to other non-executive directors."*

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 32.2 of the by-laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. *"Any director may cast his/her vote in writing or confer his/her representation to another director, specifically for each meeting. Non-executive directors may only do so with other non-executive directors."*

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	15
Number of board meetings without attendance of the chairman	0

If the chairman is executive director, indicate the number of meetings held, without the attendance or representation of any executive director and chaired by the lead independent director.

Number of meetings	0

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

Number of meetings of the Executive Committee	110
Number of meetings of the Audit Committee	12
Number of meetings of the Appointment and Remuneration Committee	14
Number of meetings of the Appointment Committee	1
Number of meetings of the Remuneration Committee	1
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:

Number of meetings with the attendance of all directors	15
% of attendances of the total votes throughout the year	100%

See note (C.1.30) in Section H of this report.

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 its article 6, the Audit and Compliance Committee Regulations, attributes the Audit and Compliance Committee, among others, the following competencies in relation to the account auditing:

"d)Serve as a channel of communication between the Board of Directors and the auditor, ensuring that the Board of Directors holds an annual meeting with the auditor to be informed on the work carried out, the evolution of the accounting position and the risks.

e) Request from the auditor on a regular basis information about the audit plan and its implementation and any other matters related to the audit process, as well as all other communications provided for in the current audit legislation.

f) Assess the results of each audit and the management team's response to its recommendations.

g) Review the content of audit reports before they are issued and, where applicable, the content of limited review reports on interim statements, ensuring that said content and the opinions expressed therein regarding the annual financial statements are drafted by the auditor clearly, precisely and without limitations or exceptions and, should any exist, explaining them to the shareholders."

Article 8 of the Audit and Compliance Committee Regulations shall also be pointed out, which details the following main functions of the aforementioned Committee in relation to the process of preparing the economic-financial information:

"a)Oversee the preparation, presentation and integrity of economic and financial information relating to the Company and its consolidated Group, as well as the correct delimitation of the latter.

b) With regard to economic and financial information that the Company must periodically and mandatorily provide for the markets and their supervisory bodies: (i) review said information to ensure that it is accurate, sufficient and clear; and (ii) inform the Board of Directors before it adopts the corresponding agreement.

c) Verify that all periodic economic and financial information is formulated under the same accounting criteria as the annual financial information and, for this purpose and where appropriate, propose to the Board of Directors that the auditor perform a limited review thereof.

d) Oversee compliance with legal requirements and the correct application of generally accepted accounting principles, and inform the Board of any significant changes in accounting criteria."

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 several occasions throughout the year which ended December 31, 2015:

- appearance on February 24, 2015 regarding drawing up the annual financial statements which refer to the year that ended on December 31, 2014.

- appearance on June 22, 2015 regarding the recommendations to improve the system for internal control over financial information.

- appearance on July 28, 2015 regarding the limited review of transitional financial statements on June 30, 2015;

- appearance on December 11, 2015 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, 2015.

C.1.33 Is the Board secretary a director?

Yes X **No X**

If the secretary is not a member of the Board fill in the following box:

Name or company name of the secretary	Representative

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

C.1.34 Repealed paragraph.

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

Article 6 c) of the Audit and Compliance Committee regulates the function of the aforementioned Committee regarding the independence of the external auditors establishing the following main functions:

"c) Ensure the independence of auditors. For such purposes:

i. It shall establish appropriate relations with the auditor in order to receive information on any matters that could jeopardize the latter's independence.

ii. It shall ensure that the Company, its Group and the auditor comply with the legal provisions established to assure their independence, as well as those expressly provided for in the Company's Corporate Governance Standards.

iii. It shall receive annually from the auditors written confirmation of its independence (both of the audit firm as a whole and the individual members of the work team) from the Company and its Group, as well as information on additional services of any kind rendered by the auditor (or its connected entities) to the Company or any company of its Group, and the corresponding fees accrued, in accordance with current auditing legislation.

iv. It shall issue an annual report, which it shall submit to the Board of Directors, prior to the issue of the audit report, expressing an opinion on the independence of the auditors. In particular, the report shall refer to services other than those of auditing which the auditor, or any company of its group, has rendered to the Company or its Group in the last three years, providing an individual and joint assessment thereof.

The report shall also deliver an opinion on compliance with the rules laid down by law and the Company's Corporate Governance Standards to guarantee the independence of auditors.

v. It shall authorize services other than those of auditing to be rendered by the auditor, insofar as the rendering of such services is permitted by law and the Company's Corporate Governance Standards.

vi. In the event of resignation of an auditor, the Committee shall examine the reasons behind this."

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.

At last it shall be pointed out that on September 23, 2015, the Board of Directors approved a "Policy on communications and contact with shareholders, institutional investors and voting advisors" that establishes the appropriate principles and measures that shall govern the management and supervision of the information disclosed to shareholders and the markets and the relationships with the shareholders, institutional investors and proxy advisors, with the aim to protect the exercise of its rights in the frame of the corporate interest defense.

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

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

Yes ☐ **No X**

Outgoing auditor	Incoming auditor

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

Yes ☐ **No** ☐

Explanation of the disagreements

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

Yes X **No **

	Company	Group	Total
Amount for other tasks not related to auditing (thousands of euros)	66	147	213
Amount for tasks not related to auditing / Total amount billed by the auditing firm (in %)	4.30	9.59	13.89

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	2	2

	Company	Group
No. of years audited by the current auditing firm / No. of years that the company has been audited (in %)	8%	8%

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
Article 36 of the Regulations of the Board of Directors establishes that the *"Board of Directors may request the assistance from legal, accounting and financial experts, or other external experts at the Company's expense whenever deemed necessary or beneficial for the performance of its competencies. 2. Non-executive Directors, in order to be aided in the performance of their duties, may also request contracting external experts at the Company's expense. 3. The contracting request must be drawn up by the Chairman."* Similarly, article 31 of the Regulations of the Audit and Compliance Committee establishes that *"with a view to receiving assistance in the discharge of its duties, the Committee may request the commissioning of legal, accounting and financial consultants and other experts at the expense of the company."* The Appointments and Remuneration Committees both contemplate identically in the respective articles 22 and 21 in their Regulations that *"with a view to receiving assistance in the discharge of its duties, the Committee may request the commissioning of legal consultants or other experts at the expense of the company."*

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 26.3 of the Regulations of the Board of Directors regulates the procedure for convening the meetings of the cited body, indicated that *""ordinary meetings shall be convened by any written means that ensures correct receipt, and shall be authorized by the signature of the Chairman or the Secretary by order of the Chairman. The call to convene shall be a least three days in advance, will always include the meeting agenda and will be accompanied by the relevant information for the meeting. The Board of Directors may not make a decision if such information has not been made available to the Directors with the aforementioned three days advance notice. Directors may exceptionally adopt a decision even if the information was not made available within the aforementioned period if they consider it beneficial and no director opposes it."*

Likewise, Article 30.2 a) of the Regulations of the Board of Directors establishes that directors are required to "*diligently inform themselves and prepare the meetings of the Board of Directors and the committees of which they are members.*"

Additionally, article 34 of the Regulations of the Board of Directors states that Directors *"have the right to request and the duty to call on the Company for the necessary and appropriate information for correctly discharging their duties. The right of information is also extended to the companies of the Group in the terms set forth by the law and the Corporate Governance Standards. 2. The exercise of the information powers will be channeled through the Chairman, the CEO or the Secretary of the Board of Directors.*"

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 16 of the Regulations of the Board of Directors establishes the circumstances in which directors shall offer their position to the Board of Directors 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) *"When, due to circumstances beyond their control, they are involved in cases of incompatibility or prohibition as set forth by law or the Corporate Governance Standards."* (article 16.2.d). b) *"Whenever they are brought to trial for an alleged criminal act or a court ruling is passed against them to open a trial for any of the offenses set forth in the provisions of the Corporate Enterprises Act related to the prohibitions on being an administrator, or whenever they are involved in a sanction for a serious or very serious offense prosecuted by supervisory authorities."* (article 16.2.e). c) *"Whenever they are issued a serious warning by the Board of Directors or sanctioned for a serious or very serious offense by a public authority for having breached their duties as directors in the company"* (article 16.2.f). d) *"Whenever their continuity on the Board of Directors may put the Company's interests at risk (...)"* (article 16.2.g).

e) *"When, due to acts attributable to the director acting in his/her capacity as such, significant damage occurs to the Company's assets or reputation of the Company, or there is a loss of business, professional reputation and credibility required for being a director of the Company"* (article 16.2.h).

Article 35.2 d) of the Regulations of the Board of Directors states that the director must inform the Company of "*judicial, administrative or any other kind of proceedings which are opened against the director and which, due to their importance or characteristics, may seriously affect the Company's reputation. Particularly, Directors must inform the Company, through the Chairman, if he/she is processed or a court ruling is passed against him/her regarding the opening of trial for any of the offenses contemplated in Article 213 of the Corporate Enterprises Act. In such cases, the Board of Directors will examine the case as soon as possible and make the decisions it considers to be most appropriate regarding 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.

Lastly, on 17 December 2015, Gamesa Energía, S.A.U. (as purchaser) and GESTION ELABORACION DE MANUALES INDUSTRIALES INGENIERIA Y SERVICIOS COMPLEMENTARIOS, S.L.; INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U.; CAF POWER & AUTOMATION, S.L.U.; and FUNDACION TECNALIA RESEARCH & INNOVATION (as sellers) signed a Stock Purchase Agreement bound to suspensory conditions regulating the acquisition of 50% of NUEVAS ESTRATEGIAS DE MANTENIMIENTO, S.L. (NEM). The suspensory condition was the authorization of the CNMV and Competition Authorities as established in article 7.1.c) of the Spanish Competition Act (Law 15/2007 of 3 July). On the same date, and with a view to regulating the relationship of Gamesa Energía and INVERSIONES EN CONCESIONES FERROVIARIAS, S.A.U. (ICF) as future partners of NEM (as the case may be) the parties signed a Partnership Agreement. By virtue of the provisions established in the referred Partnership Agreement, in case of a possible change in the control of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Gamesa Energía, S.A.U. must offer the remaining partners direct purchase of stock in NEM.

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	24
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 executive, proprietary, independent and other external directors on them:

EXECUTIVE COMMITTEE

Name	Position	Category
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
Villalba Sánchez, Francisco Javier	Member	Proprietary External

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

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

<u>Functions:</u>

Article 23 of the Regulations of the Board of Directors states that the Board of Directors may constitute a Delegated Executive Committee "*with all or some of the inherent powers of the Board of Directors, save powers that cannot be delegated by law or in accordance with the Corporate Governance Standards.*"

However, as an exception to the foregoing and as contemplated under article 8 of the cited regulations, when duly justified urgent circumstances arise, and as allowed by law, the Delegated Executive Committee may adopted decisions on matters reserved for the Board of Directors, which must be ratified at the first meeting held by the Board of Directors after making the decision.

<u>Organization:</u>

a) It shall comprise the number of Directors as decided upon by the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, with a minimum of four (4) 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 Directors' structure.

c) The appointment of its members and the permanent delegation of powers thereto shall be done by the Board of Directors, and requires a favorable vote of at least 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 one exists, shall be members of the Committee.

e) The meetings shall be presided over by the Chairman of the Board of Directors or, in the absence thereof, the director appointed by the Committee. This role will also be secretary of the Board of Directors, though in his/her absence, the Vice Secretary or, in the absence thereof, the individual designated by the Committee, who need not be a director, shall sit as secretary.

Operation:

a) It will meet as frequently as deemed appropriate by its chairman and, at least, every two (2) months. Meetings will be held whenever a minimum of two of the members so request.
b) Agreements shall be adopted by an absolute majority of present and represented votes. In case of a tie, the Chairman shall have the casting vote.
c) The Board of Directors must be informed during its first meeting after said meetings, of the items discussed, the decisions adopted and will send it a copy of its minutes.

Most significant actions:

The Delegated Executive Committee has discharged its duties according to the internal rules and regulations of the Company, underscoring its approval to the Board of Directors for matters that, while not constituting capacities that could not be delegated to the Board, could have been handled by the Delegated Executive Committee.

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

Yes X **No** ☐

If no, explain the composition of your Executive Committee

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Category
Hernández García, Gloria	Chairman	Independent External
Rubio Reinoso, Sonsoles	Member	Proprietary External
Vázquez Egusquiza, José María	Member	Independent External
Aracama Yoldi, José María	Member	Independent External

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

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

Gamesa's Audit and Compliance Committee is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations.

Articles 5, 6, 7 8, 9, 10, 11 and 12 in chapter II of the *Regulations of the Audit and Compliance Committee* establish the duties of this committee. The full text of Company internal rules and regulations are available at www.gamesacorp.com

The duties of the Audit and Compliance Committee primarily refer to the oversight of the Company's internal audit, at the revision of the internal control systems for drawing up economic-financial information, auditing accounts and compliance in the terms established in its regulations.

Organization:

a) It will comprise at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Appointments Committee.

b) Members of the Executive Committee cannot be on the Audit and Compliance Committee.

c) At least one of the appointed independent directors has knowledge and experience in accounting, auditing or both.

d) A Chairperson shall be appointed among the independent directors for a maximum 4-year term, after which he/she may not be re-elected as chairperson until one year has elapsed since conclusion of said term; and a Secretary shall also be appointed, though this officer need not be a Director.
e) Members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that office, if this means the number of independent directors on the Committee is less than two; and c) when agreed on by the Board of Directors.

f) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairman's behest. Meetings shall also be held whenever two of the members so request.

b) It shall be validly constituted when more than half of its members are present or represented at the meeting.

c) Agreements shall be adopted by the absolute majority of members present at the meeting.

d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a 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.

Most significant actions:

Articles 5 through 12 of the Regulations of the Audit and Compliance Committee and Article 529 quaterdecies of the Corporate Enterprises Act limit the duties of the Audit and Compliance Committee. During 2015, the Audit and Compliance Committee was informed of all the matters within its capacity and, in this context, has satisfactorily discharged the duties assigned by law, Bylaws, Regulations of the Board of Directors and the committee's organizational and operating regulations.

Identify the director member of the Audit Committee that has been appointed taking into account his/her knowledge and experience in accountancy, auditing or in both and inform about the number of years that the Chairman of this Committee is in his/her post.

Name of the director with experience	Gloria Hernández García
Number of years of the chairman in the post	Since May 27, 2015

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Cendoya Aranzamendi, Andoni	Chairman	Independent External
Arregui Ciarsolo, Juan Luis	Member	Independent External
Góngora Bachiller, Gema	Member	Proprietary External

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

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

Articles 5, 6, 7 and 8 under Chapter II of the Regulations of the Appointments and Remuneration Committee, valid until 16 December 2015, date on which the Committee was split into two separate committees, established the duties of the Appointments and Remuneration Committee.

Organization:

a) Comprising at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Committee per se.

b) A Chairperson was appointed among the independent directors for a maximum 4-year term, after which he/she could not be re-elected as chairperson until one year had elapsed since conclusion of said term; and a Secretary was also appointed, though this officer needed not be a Director.

c) Members no longer held office: a) when they ceased to be non-executive directors of the Company; b) when independent directors no longer held their office, whereby lowering the number of independent directors on the Committee to less than two; and c) when agreed on by the Board of Directors.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairman's behest. Meetings shall also be held whenever two of the members so request.

b) It was validly constituted when more than half of its members were present or represented at the meeting.

c) Agreements are adopted by the absolute majority of members present at the meeting.

d) When the matters to address during the Committee meetings directly affected some of its members or individuals related thereto and, in general, when this member entered into a conflict of interest, he/she had to leave the meeting until the decision was made, being removed from the number of members of the Committee, to calculate the quorum and majorities related to the item in question.

Most significant actions:

During 2015 and until being split into two separate Committees as approved by the Board of Directors in its session on 16 December 2015, the Appointments and Remuneration Committee was informed of all the matters of its capacity and, in this context, satisfactorily discharged with the duties assigned thereto by law, Bylaws, Regulations of the Board of Directors and the committee's organizational and operating regulations. The most significant engagements of the Appointments and Remuneration Committee during 2015 and until its split into two Committees were the selection of new Directors, the implementation of areas of improvement detected during its yearly assessment and the drawing up of a director training plan.

APPOINTMENTS COMMITTEE

Name	Position	Category
Cendoya Aranzamendi, Andoni	Chairman	Independent External
Aracama Yoldi, José María	Member	Independent External
Villalba Sánchez, Francisco Javier	Member	Proprietary External

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

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

This committee is an internal body of the Board of Directors for information and consultation, albeit with no executive functions, entrusted with informing, advising and making recommendations regarding matters within its capacities.

Articles 5, 6 and 7 in chapter II of the *Regulations of the Appointments Committee* establish the duties of the Appointments Committee. In particular, the primary function of the Committee is to oversee the composition and functioning of the Company's Board of Directors and Senior Management.

The full text of Company internal rules and regulations are available at www.gamesacorp.com

The Appointments Committee was constituted on 16 December 2015, in the framework of the split of the former Appointments and Remuneration Committee of Gamesa's Board of Directors to comply with recommendation no. 48 of the *Code of Good Governance for listed companies*.

Organization:

a) It will comprise at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Appointments Committee.

b) A Chairperson shall be appointed among the independent directors for a maximum 4-year term, after which he/she may not be re-elected as chairperson until one year has elapsed since conclusion of said term; and a Secretary shall also be appointed, though this officer need not be a Director.

c) Members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that office, if this means the number of independent directors on the Committee is less than two; and c) when agreed on by the Board of Directors.

d) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairman's behest. Meetings shall also be held whenever two of the members so request.

b) It shall be validly constituted when more than half of its members are present or represented at the meeting.

c) Agreements shall be adopted by the absolute majority of members present at the meeting.

d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a 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.

Most significant actions:

The Appointments Committee only held one session during 2015 for the purpose of internally distributing positions within the Committee, hence engagements of importance during the cited period cannot be included in the present section.

REMUNERATION COMMITTEE

Name	Position	Category
Cendoya Aranzamendi, Andoni	Chairman	Independent External
Arregui Ciarsolo, Juan Luis	Member	Independent External
Góngora Bachiller, Gema	Member	Proprietary External

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

Explain the duties attributed to this committee, describing committee procedures and rules of organization and operations; and summarize the most significant engagements carried out during the year.

Functions:

This committee is a permanent internal body of the Board of Directors for information and consultation, entrusted with informing, advising and making recommendations.

Articles 5 and 6 in chapter II of the *Regulations of the Remuneration Committee* establish the duties of the Remuneration Committee. In particular, the essential function of the Remuneration Committee is to oversee the remuneration of the Company's Board of Directors and Senior Management.

The full text of Company internal rules and regulations are available at www.gamesacorp.com

As mentioned above, the Appointments Committee was constituted on 16 December 2015, in the framework of the split of the former Appointments and Remuneration Committee of Gamesa's Board of Directors to comply with recommendation no. 48 of the *Code of Good Governance for listed companies*.

Organization:

a) It will comprise at least three (3) and at most (5) non-executive directors, with at least two of them being independent directors, appointed for a maximum term of four (4) years by the Board of Directors, as proposed by the Appointments Committee.

b) A Chairperson shall be appointed among the independent directors for a maximum 4-year term, after which he/she may not be re-elected as chairperson until one year has elapsed since conclusion of said term; and a Secretary shall also be appointed, though this officer need not be a Director.

c) Members shall no longer hold their office: a) when they cease to be non-executive directors of the Company; b) when independent directors lose that office, if this means the number of independent directors on the Committee is less than two; and c) when agreed on by the Board of Directors.

d) Directors sitting on the Committee who are re-elected as Directors of the Company shall continue to hold their positions within the Committee unless the Board of Directors resolves otherwise.

Operation:

a) It shall meet as often as necessary to perform its duties, at the Chairman's behest. Meetings shall also be held whenever two of the members so request.

b) It shall be validly constituted when more than half of its members are present or represented at the meeting.

c) Agreements shall be adopted by the absolute majority of members present at the meeting.

d) When the issues to be dealt with during the Committee meetings directly affect some of its members or individuals related thereto and, in general, when this member enters into a 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.

Most significant actions:

The Remuneration Committee only held one session during 2015 for the purpose of internally distributing positions within the Committee, hence engagements of importance during the cited period cannot be included in the present section.

_______ 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 closing of 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	0	0.00%	1	20.00%	1	20.00%	1	20.00%
Audit and Compliance Committee	2	50.00%	1	25.00%	1	33.33%	1	33.33%
Appointments and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointment Committee	0	0.00%	N/A		N/A		N/A	
Remuneration Committee	1	33.33%	N/A		N/A		N/A	

C.2.3 Repealed paragraph.

C.2.4 Repealed paragraph.

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.

Audit and Compliance Committee

The Audit and Compliance Committee is regulated in the Bylaws, Regulations of the Board of Directors and Regulations of the Audit and Compliance Committee, which has been posted and thus available to anyone interested on the Company's website (www.gamesacorp.com).

The Regulations of the Audit and Compliance Committee were approved by the Gamesa Board of Directors on 29 September 2004 and subsequently amended on 21 October 2008. A new revised text was approved on 15 April 2011 and subsequently amended on 20 January 2012. Finally, the Company's Board of Directors approved the currently valid version of the revised text of these regulations on 24 March 2015.

The purpose of this most recent amendment to the Regulations of the Audit and Compliance Committee was to (i) incorporate improvements to its wording and technical characteristics, (ii) simplify its content, and (iii) adapt the regulations to the developments affecting the Spanish Corporate Enterprises Act by Law 31/2014 of 3 December, which amended the Corporate Enterprises Act for improving corporate governance in accordance with the amendment of the Regulations of the General Shareholders Meeting approved in an identical session of the Board of Directors, and with the reform of the Bylaws and Regulations of the General Shareholders Meeting that the Board of Directors proposed for submission to the General Shareholders Meeting in the cited session.

In accordance with Article 12 g) of the Regulations of the Audit and Compliance Committee, this committee has the duty to draw up an annual report on its activities, submitting it to the Board of Directors for approval and subsequently made available to the shareholders at the time of notice of the Ordinary General Shareholders Meeting.

Appointments Committee

The Appointments Committee is regulated in the Bylaws, Regulations of the Board of Directors and Regulations of the Appointments Committee, which has been posted and thus available to anyone interested on the Company's website (www.gamesacorp.com).

On 24 March 2015, the Board of Directors approved the most recent version of the revised text of the Appointments and Remuneration Committee with the aforementioned purposes in connection with the Regulations of the Audit and Compliance Committee.

On 16 December 2015, the Board of Directors, when splitting the Appointments and Remuneration Committee, repealed the regulations thereof and approved the corresponding Regulations of the Appointments Committee and Regulations of the Remuneration Committee, therein distributing the powers formerly assumed by the erstwhile committee.

Article 18 of the Regulations of the Appointments Committee establishes the obligation of said committee to draw up a yearly report on its activities to be made available to Company shareholders and investors following approval thereof by the Board of Directors at the call to convene the ordinary General Shareholders Meeting (in this regard, article 19 of the repealed Regulations of the Appointments and Remuneration Committee contemplated the obligation of the former Appointments and Remuneration Committee to draw up a yearly report on its activities).

Remuneration Committee

The Remuneration Committee is regulated in the Bylaws, Regulations of the Board of Directors and Regulations of the Remuneration Committee, which has been posted and thus available to anyone interested on the Company's website (www.gamesacorp.com).

On 24 March 2015, the Board of Directors approved the most recent version of the revised text of the Appointments and Remuneration Committee with the aforementioned purposes, repealing it and approving the Regulations of the Remuneration Committee on 16 December 2015.

Article 17 of the Regulations of the Remuneration Committee establishes this committee's duty to draw up a yearly report of its activities that will be made available to Company shareholders and investors following approval by the Board of Directors, for the call to convene the ordinary General Shareholders Meeting.

C.2.6 Repealed paragraph.

D RELATED PARTY TRANSACTIONS AND INTERGROUP TRANSACTIONS

D.1 Explain, where appropriate, the procedure for approving related party transactions and intergroup transactions.

Procedure for approving related party transactions
Article 33 of the Regulations of the Board of Directors, which regulates the transactions of the Company with shareholders holding significant stock and directors, establishes that "*the performance of any transaction by the Company with Directors or shareholders with significant participation, or who have proposed the appointment of any Director of the Company, is subject to the approval of the Board of Directors or the General Shareholders Meeting following a report from the Audit and Compliance Committee and in the terms established by law.* *If there are transactions that fall within a general line of business and are of a habitual or recurring nature, a general and prior authorization of the line of transactions by the Board of Directors will suffice.* *Transactions must be made in market conditions and in observance of the principle of equal treatment of shareholders.*" In this regard, article 12 a) of the Regulations of the Audit and Compliance Committee refers to the report that the Audit and Compliance Committee must submit with the operations or transactions that could represent a conflict of interests.

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	206,911
IBERDROLA, S.A.	GAMESA ENERGÍA, S.A.U.	Contractual	Sale of financial investments	949

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.

131,204 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) *Possible conflicts of interest between the Company and/or its Group, and its directors*:

Article 31 of the *Regulations of the Board of Directors* regulates the conflicts of interest between the Company or any other company of its Group and its directors. In particular, paragraphs 1 and 2 define the situations in which a director has a conflict of interest and lists persons who, given that they are considered linked thereto, could generate situations of conflicts of interest.

Likewise, the following sections in this article regulate the mechanisms for resolving situations of conflict of interest. In particular, paragraphs 3 and 4 establish that any director finding himself/herself in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board of Directors through its chairman and refrain from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters affecting the conflict. The votes of Directors affected by the conflict and who, therefore, had to abstain, will not be taken into account for calculating the required majority of votes to adopt a corresponding resolution.

The following paragraph in article 31 of the *Regulations of the Board of Directors* clarifies that "in unique cases, the Board of Directors or the General Shareholders Meeting, as appropriate and in accordance with the terms provided by law, may waive the prohibitions arising from the duty to avoid conflicts of interest". Further, paragraph specifies that such waive shall follow the corresponding report from the (a) Audit and Compliance Committee on the operation vulnerable to a potential conflict of interest, proposing the adoption of an agreement in this regard, or from the (b) Appointments or Remuneration Committee when referring to waiving the performance of contractual obligations.

Paragraph 7 of the cited article states that "the Chairman of the Board of Directors must include the transaction and the conflict of interest in question on the agenda of the next corresponding meeting of the Board of Directors so that it may adopt a resolution as soon as possible regarding the issue, on the basis of the report drawn up by the corresponding committee, deciding whether to approve the transaction, or the alternative that may have been proposed, as well as the specific measures to be adopted."

Finally, paragraphs 8 and 9 states that the Company's annual corporate governance report shall include conflict-of-interest situations involving directors or persons related thereto, and that the report of the annual financial statements shall detail the operations in conflict of interest that have been authorized by the Board of Directors, as well as any other existing conflict of interest pursuant to the provisions of current legislation during the financial year of the financial statements.

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

Company and Group senior management and professionals who, given their activities or information to which they may have access, are classified as Affected Persons (as defined in article 6 of Gamesa's *Internal Regulations for Conduct in the Securities Markets*) by the Ethics and Compliance Division, will be subject to the *Internal Regulations for Conduct in the Securities Markets*, whose most recently revised version was approved on 24 March 2015.

In this regard, article 22 of the *Internal Regulations for Conduct in the Securities Markets* establishes that managers and professionals considered to be Affected Persons must immediately inform their direct supervisor, hierarchical superior or the Ethics and Compliance Committee of situations that could potentially give rise to a conflict of interest and keep such bodies permanently up to date with regard to said situations. Any concerns regarding the actual existence of a conflict of interest must be addressed with the Ethics and Compliance Division.

c) *Possible conflicts of interest between the company and/or its group and significant shareholders:*

The procedure for resolution of conflicts of interest with significant shareholders is stipulated in article 33 of the *Regulations of the Board of Directors*, according to which any operation between the Company and a significant shareholder "is subject to the approval of the Board of Directors or the General Shareholders Meeting following a report from the Audit and Compliance Committee and in the terms established by law."

The cited articled states that if the previous transactions fall within the ordinary course of business and are of a regular or recurring nature, "a generic and prior authorization of the line of transactions by the Board of Directors will suffice."

In any case, "transactions must be made in market conditions and in observance of the principle of equal treatment of shareholders."

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

Article 37 of the *Regulations of the Board of Directors* states that the obligations referred to in Chapter IX therein regarding Company directors and shareholders holding significant stock shall also be construed as applicable, similarly, insofar as the possible relationships between Gamesa and companies integrated in 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, including tax-related risks.

GAMESA CORPORACIÓN TECNOLÓGICA has Risk Control and Management Systems, promoted by the Board of Directors and Senior Management, implemented throughout the entire organization (business units, departments, companies) and, following the strategic globalization line of the industrial, technological and commercial activities in the different geographic areas in which they operate, developing a global and integral vision in these systems, contribute to meeting business objectives, creating value for the different groups of interest and to the sustainable and profitable development of the organization.

The systems are supported on an universal Risk Control and Management Model, the "Business Risk Model (BRM)", to classify risks. Initially approved by the Board of Directors in 2004, with its most recent update (through the Risk Control and Management Policy) approved by the Board of Directors on 23 September 2015, the BRM groups risks into: (1) corporate governance, ethics and compliance risks, (2) strategic and environmental risks, (3) processing risks and (4) risks associated with information for making decisions or legal requirements.

The basis of these systems is set out in the General Risk Control and Management Policy of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Initially approved by the Board of Directors on 22 April 2009 and most recently modified following resolution of the Board of Directors on 23 September 2015, this policy, in line with the reality of the Company, establishes the bases and general context on which all risk control and management components are based, providing discipline and structure in relation to said components: management objectives and philosophy, model for the identification, evaluation, measurement and control of risks, accepted risk level, communication, reporting and supervision by the Board of Directors and Audit and Compliance Committee, integrity, ethical values, competencies and assignment of responsibilities.

Additionally, the Company has a Corporate Tax Policy, approved by the Board of Directors on 23 September 2015. This policy expresses the Company's tax strategy and commitment to compliance, development and incorporation of good tax practices in all geographic areas in which the Company operates.

The Risk Control and Management Systems work comprehensively and continuously, are supported in an appropriate definition and assignment of functions and responsibilities at the operating level and in some procedures, methodologies, support tools and information systems appropriate for the different stages and activities of the system; and include: continuous identification and analysis of relevant risks and threats; assessment of the impact, likelihood and degree of control establishing a corporate risk map (including the financial, tax-related, operating, strategic and legal risks, in addition to other associated risks with activities, processes, projects, products and key services) that is useful for taking steps to mitigate, transfer, share and/or avoid the risks, and buttress the securing of opportunities; and the overseeing and communication of the results of risk control and management tracking.

The Company's Risk Control and Management Systems include the comprehensive management of operating risks associated with the main business and decision-making processes, in which risks with specific aligned risk management procedures are identified and handled, insofar as they relate to the identification and assessment criteria, with those of the general corporate procedure and BRM model, so that they need not flourish at the corporate level to be controlled optimally (NBA: "*New Business Approval*", PM: "*Program Management*", Technology/New Product Development System, Operation and Maintenance Services, Continuous Improvement, Monthly Closings, etc.).

E.2 Identify the bodies of the Company that are responsible for developing and implementing the Risk Management System, including tax-related risks.

As the Company's top decision-making, oversight and control level, the **Board of Directors** 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 establishing the general policies and strategies, including the Company's risk control and management policy and tax strategy, and likewise oversee and implement the supervision of internal information and control systems.
The Company's Risk Control and Management Systems are applied through an organization structured into four ties of protection and defense to face and manage significant risks, namely:

(1) <u>Risk management property</u>

The Group's **Management Committee** and **Executive Committee** are responsible, inter alias, for:

- Conducting a comprehensive risk control and management in business and decision-making processes as proprietors of the risks associated with the activities, processes, projects, products and services of the business lines across all geographic areas in which the Company operates.
- Maintaining a suitable continuous risk assessment process, securing the identification, assessment and response (leading the definition and implementation of action plans) vis-à-vis the risks that could affect the attainment of Company objectives. Various risk management collaborators may be involved to carry out this duty.
- Guaranteeing compliance with the procedures concerning risk control and management, ensuring that Gamesa personnel know the risk and control environment of each process affecting them, and adopting the measures necessary or the dissemination of and compliance with the General Risk Control and Management Policy by assigning the necessary resources (human, technological and financial).

Further duties of the Group responsible for creating and executing control and risk management systems are:

- Committees of each region: As proprietors of the regional risks, they have duties at this level that are similar to those of the Group's Management Committee.

- General Finance Division: In accordance with the Investment and Financing Policy, it centralizes the financial risk management throughout the Gamesa group.

- **Tax Department**: Reporting to the General Finance Division, it ensures compliance with the tax strategy and policy, apprising control and oversight bodies of tax-related criteria and policies applied during the year and the tax risk control. This role manages and ensures due compliance with the tax obligations throughout the Group, assuring that all tax-related decisions are duly substantiated and documented, and are adopted on the appropriate levels in the organization.

(2) <u>Tracking and compliance</u>

- **Risk Control Department (BRC)**: Reporting to the Internal Audit Division, it participates in defining the risk strategy, good operation and efficiency of the control systems and in mitigating the detected risks; and ensures that the executive line evaluates everything related to the risks of the company, including the operational, technological, legal, social, environmental, political and reputational risks.

- **Ethics and Compliance Division:** reporting directly to the Audit and Compliance Committee, this division applies the Code of Conduct and Internal Regulations for Conduct in the Securities Markets, and supervises the implementation and compliance of the Crime Prevention and Anti-Fraud Policy and Program at GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

  In January 2015, the Regulatory Compliance Unit become the Ethics and Compliance Division.

(3) <u>Independent assurance</u>

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

This division informs, advises and reports to the Audit and Compliance Committee on the risks associated with the balance sheet and the functional activity areas with the existing identification, measurement and control thereof. It therefore executes the annual Internal Audit work plan, reporting the activities executed from this plan and the incidents arising.

(4) <u>Oversight</u>

The Board of Directors entrusts the **Group's Audit and Compliance Committee** with duties including:

– Ensure the independence and effectiveness of the Internal Audit, and regularly review the effectiveness of the internal risk control and management systems, including tax-related risks, to properly identify, analyze and report the main risks.

- Ensure that the risk control and management policies identify the different risk types (operational, technological, financial, legal, tax-related, reputational, etc.) affecting the Company (note: financial or economic risks also include contingent liabilities and other off balance sheet risks) in addition to the risk levels that the company considers acceptable according to the Corporate Governance Standards and the measures contemplated for mitigating the impact of the identified risks.
- Inform the Board of Directors of the tax policies applied by the company and, for operations or matters that must be approved by the Board of Directors, of the fiscal consequences when they constitute a relevant risk factor.

E.3 Indicate the principal risks, including tax-related risks, that could affect the achievement of the business objectives.

The Risk Control and Management Systems are clearly linked to the process of strategically planning and goal-setting at the Company. In 2015, the Company had already achieved the objectives set out in the 2013-2015 Business Plan. Consequently, a very brief summary is given below of the main risks that could affect the achievement of the objectives of the new 2015-2017 Business Plan, which underwent monitoring in 2015.

- Risks that could affect the objective of "**Solid competitive positioning. Profiting from opportunities for growth in emerging and mature markets**":
  - Exchange rate risk.
  - Country risk.
  - Tax-related risks.
  - Consolidation of the sector and competition (wind turbines, operation and maintenance services).

- Risks that could impact the objective of **"Balance control. Maintaining balance soundness**":
  Relevant matters in the activity that could cause asset deterioration.

- Risks that could affect the objective of **"Competitiveness of the portfolio of products and services. Working on the competitiveness of the portfolio of products and services, improving positioning in mature markets**":
  - Competitiveness of the portfolio of products and services: optimization of the launch curve and return on investment in terms of Cost of Energy (CoE) and the contribution margin of new developments.
  - Added-value product developments.

- Risks that could affect the objective of **"Growth beyond 2017**":
  - Continual analysis of the environment and new opportunities: *onshore*, *offshore*, new businesses.
  - Offshore business development (tracking of the balance control objective).

- Risks that could affect "**Health and Safety**":
  - Safety and ergonomic risks.
  - Improvement of comprehensive operational risk management (process and product).

Additionally, other risks were also monitored. These risks while not directly affecting the achievement of business objectives, nevertheless comprised priority areas for Gamesa, including: Environmental and climate change care, risks related with "information system environments such as cyber-attacks and system continuity", and other risks related with Corporate Social Responsibility (CSR), e.g., risks affecting the CSR of the supply chain.

E.4 Identify whether the entity has a risk tolerance level, including tax-related risks.

The Risk Management and Control Procedure approved and incorporated in the certified management system in 2008 and updated in 2011, identifies, assesses, prioritizes, controls and manages the risks to which GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is exposed, and decides to what extent such specific risks are acceptable, mitigated, transferred or prevented.

Once the risks have been identified in accordance with the above, the risk proprietors or their delegated parties, supported by the Risk Control Department (BRC) and other support roles, assess these risks with a view to ascertaining their priority (combination of impact and likelihood) and the treatment that they require (plans that contribute to the mitigation of risks and attainment of the expected earnings).

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

At the corporate level (until 2015), the Company fundamentally has 3 forms of establishing risk tolerance levels, which are complementary to one another:

- The Company declares its risk tolerance level through specific policies, which were updated and approved in September 2015, including:
  - General Risk Control and Management Policy
  - Corporate Tax Policy
  - Investment and Financing Policy

- The establishment of objectives or in conformity with strategic regularity for indicators used in monitoring some risks:
  - 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.

- The use of metrics established in the Risk Control and Management Procedure for assessing the impact according to a series of criteria so that the result, once combined with their likelihood of occurrence, can assess risks as high or moderate when they are considered to exceed the tolerance and thus require mitigation plans.

Following the revision and update of some of the Company policies in September 2015, responsibilities received additional definitions insofar as the risk tolerance levels. Some salient aspects of this revision:

- The Board of Directors approves the specific policies from which the risk levels that the Corporation considers acceptable are derived (risk tolerance criteria) and are aimed at maximizing and protecting the economic value of Gamesa within a controlled variability.

- The Gamesa Executive Committee will define the specific numerical values for the risk limits stated in the specific policies and/or in the annually set objectives and may decide to modify these values and authorize that, exceptionally, they are exceeded, after a report to the Audit and Compliance Committee, taking into account the proposals of the affected divisions.

- The Audit and Compliance Committee ensures that the risk control and management policies identify the risk levels that the company considers acceptable in accordance with its Corporate Governance Standards.

- In accordance with these guidelines, each Group company must approve, in their corresponding governing bodies, the specific risk limits applicable to each one and implement the necessary control mechanisms to ensure compliance with this general policy for risk control and management and the specific limits that affect them.

E.5 Indicate the risks, including tax-related risks, arising during the period.

There was no record in 2015 of material or extraordinary risks aside from those already listed in the Management Report and Annual Financial Statements Report, and, in all cases, without compromising the integrity of the results, strategic objectives or assets.

The circumstances engendering occurrences were inherent to business development and the economic juncture. The mitigation and control systems in the different areas have been operating properly, and the inherent risks did not cause significant incidents in the organization during the last year.

E.6 Explain the response and supervision plans for the main risks of the entity, included tax-related risks.

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

- Plans for risks that could affect the objective of "**Solid competitive positioning. Profiting from opportunities for growth in emerging and mature markets**":
  - Exchange rate
    - Mechanisms for managing coverage of the risk associated with transactions in the main currencies in which the Company operates.
    - Formalization of the general principles and procedures for exchange rate management.
  - Country Risk
    - Geographic and client diversification.
    - Local supply chains strengthening and/or development.
    - Recurring and occasional steps taken to guarantee the safety and security of persons and assets in the countries where the Company operates and generate security alerts (social, natural, health).
  - Tax-related risks
    - Regular reporting to management and oversight bodies of the Company regarding compliance with good tax practices applied in relation to tax-related risk prevention and concerning Public Tax Authorities.
    - Formalization of the Corporate Tax Policy and improvement in the organizational structure and execution and control processes and procedures.
    - Tax-related risk management: identification of risks per region, and definition and tracking of the actions defined for mitigating said risks.
    - Implementation of a computer tool as a control instrument between tax declarations and their accounting record (direct taxation).
  - Consolidation of the sector and competition
    - Analysis and surveillance of movements in the sector
    - Search for alternatives that maximize the opportunities for Gamesa.

- Plans for risks that could impact the objective of **"Balance control. Maintaining balance soundness**":
  - Continuous monitoring of the cash flow and relevant matters that could cause deterioration of assets. In this regard, the potential deterioration are addressed in the report of the 2015 financial statements.
  - Tracking and control of financial needs and the resulting compliance with *covenants*.

- Plans for risks that could affect the objective of **"Competitiveness of the portfolio of products and services. Working on the competitiveness of the portfolio of products and services, improving positioning in mature markets**":
  - Strict control of compliance with product development plans (time, cost, quality, return on investment).
  - Cost reduction and continuous improvement plan, seeking to improve profitability in terms of Cost of Energy (CoE) and contribution margin.
  - Make/buy decisions and specific projects for components.

- Plans for risks that could affect the objective of **"Growth beyond 2017"**:
  - Regular monitoring by the different areas of the Company on regulatory developments, market aspects, demand, etc.

- Plans for risks that could affect "**Health and Safety**":
  - Development of communications, inspection and training activities for shoring up the Zero Tolerance Policy.
  - "Think Safe": extension of the culture of safety and health to all areas.

The following general supervision and control actions, applied to the significant risks, are prominent:

- Control exercised by business unit and geographical area managers and supervision of the Management Committee with respect to the evolution of the risk maps and mitigation plans.

- Reports to the Audit and Compliance Committee regarding the evolution of the corporate risk map, and individually for significant risks.

- Internal audits of significant risks and communication of the corresponding reports to the Management Committee and the Audit and Compliance Committee.

Appearance by the directors before the Audit and Compliance Committee throughout 2015 focused on the supervision of specific risk control systems and significant risks: finance-related (accounts receivable, cash flow), balance-related, sales guide coverage, service business unit, tax-related, legal, crime/fraud and exchange rates.

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, proposal for the application of results, and overseeing and approving the regular financial information that should be made public in the company's condition as 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.

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.

Particularly salient during 2015 and within the framework of the continuous improvement process of the control model for financial information, is the creation of the Internal Financial Information Control Unit, which reports directly to the Finance Division and is entrusted with the following duties:

- Ensure a centralized administration of the system enabling harmonized operations and supervision throughout the group.

- Define system methodology and criteria.

- Guarantee the maintenance, tracking and improvement of the system.

- Document and update the main aspects regarding the maintenance and improvement of the FIICS.

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.

Regarding the definition of the organizational structure, the Regulations of the Board of Directors establish that the Appointments Committee must report to the Board of Directors regarding the proposals for appointment and dismissal of Senior Management, and the Remuneration Committee must report, prior to their approval by the Board, regarding their remuneration conditions and terms and conditions of their employment contracts.

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

The Human Resources Division 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.

In particular and referring to the internal control model regarding financial information, an organizational structure has been framed and defined with sufficient resources for proper operation thereof with centralized guidelines that are controlled and supervised at a central level at the group, but with local implementation in each region to expand processes considered to be key for the Company in depth.

To ensure that the model works properly at the regional and corporate levels, the organization contemplates professionals having different roles and profiles in the capacity of:

- FIICS Managers
- Process risk managers
- Control activity executors and supervisors

This is therefore a shared responsibility developed at the regional and general group levels for which, in case of discrepancies, a Committee has been created as a regulator.

- 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, available in several languages, either delivering a copy thereof or posting it on the Shareholders and Investors section of its external website and the company's intranet, though any other means of communication defined by the Board of Directors remain possible 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 Ethics and Compliance Division is a unit that functionally reports to the Audit and Compliance Committee. It is responsible for, among other aspects and regarding the Code of Conduct, its revision, regular update, resolution of concerns that may arise and reception of any questions or complaints regarding unethical actions, actions lacking in integrity or against the included principles.

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 risk management and control policy, 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.

- Complaint channel, 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.

According to the Code of Conduct and Article 10.g of the Regulations of the Audit and Compliance Committee regarding the functions of this Committee insofar as Corporate Governance, Gamesa has created the Complaint Channel as a mechanism enabling employees to confidentially report significant irregularities, inter alias and 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 Complaint Channel through the Ethics and Compliance Division, which Gamesa manages according to the conditions and powers set forth in the written procedure regulating the "Complaint Channel Operating Rules" as part of the internal regulations, which set out its operation and conditions for use, access, scope and other aspects.

In accordance with our internal regulations, a function of the Ethics and Compliance Division as regards the Code of Conduct/Complaint 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.

Upon receipt of a written complaint with a series of requirements and minimum content, the Ethics and Compliance Division decides whether to process or file the complaint.

Should signs of a potential infringement of the Code of Conduct appear, a case file will be processed confidentially and may initiate as many actions as may be required, especially interviews with the people involved and witnesses or third parties considered capable of providing useful information. Other roles within the Company may be called on, as appropriate, to provide assistance.

Having processed the complaint, the Ethics and Compliance Division will draw up a report, establishing predefined deadlines for the conclusion thereof, content and method of communication.

The Human Resources Division establishes the pertinent disciplinary measures for Code of Conduct infringement cases that should in any case be equitable to the severity of said infringements.

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

- Periodical training programs and updates for personnel involved in drawing up and reviewing financial information, and assessing the FIICS, that shall at least include 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 assessments given to Company employees each year. This process is led by the Human Resources Division and, once concluded, is used as the base for designing the annual training catalogs. The Human Resources Division, 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.

An extensive training program was deployed during 2015 with a view to automating the model at the Corporate level and in each individual geographic area. This training covered topics addressing the theoretical FIICS model and Gamesa's FIICS model, its organization and structure, and the use and operation of the IT platform supporting the automation thereof.

F.2 Risk assessment of financial information

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.

As mentioned further below, there is a model for identifying the effects of the different risk types. However 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.

- 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.

  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
  - Appraisal
  - Cut
  - Registration
  - Presentation and breakdown

  The risk assessment model for attaining objectives linked to the reliability of financial information systematically and objectively identifies the critical risks and processes of an annual nature.

- 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 7 of its Regulations, 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.

  Moreover, and in this context, the Group's corporate tax policy indicates that Gamesa, in carrying out its activities, will attend to the principles of an ordered and diligent tax policy embodied in the commitment to:

  - Avoid the use of artificial and/or obscure structures for tax purposes, understanding that the latter are intended to prevent understanding, on the part of the Tax Administration personnel, of the final responsibility for the activities or the last owner of the property rights involved.
  - Refrain from constituting or acquiring companies residing in tax havens with the aim of evading tax obligations.

  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).

  For the purpose of identifying the scope of consolidation, in accordance with the criteria contemplated in international accounting legislation, the mentioned list is subject to conciliation with the master file of companies subject to responsibility of consolidation of the Group's consolidation unit.

  In this context, the consolidation perimeter identification subprocess was created in the established financial information internal control system as part of the priority consolidation process.

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

  Gamesa has incorporated a risk identification process based on the COSO method that, in accordance with the general risk control and management policy approved by the Board of Directors (most recently updated in September 2015) is considered to be in line with the "Business Risk Model-BRM" model insofar as the four risk categories that each in turn group other sub-categories:

  - Corporate governance, ethics and compliance risks.

- Strategic risks and risks related to regulations, credit, market, business, tax, competition, country, strategy, etc.

- Process-related risks (operational, reputational)

- Risks associated with information for making decisions or legal requirements.

The applied methodology is embodied as a regularly updated risk map (normally every six months).

- What governing body of the entity oversees the process.

The process is ultimately supervised by the Audit and Compliance Committee with the support of the Internal Audit Division to undertake its duties.

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 and Finance Divisions, who conduct a series of control activities during the accounting closure to ensure reliability of the financial information.

The Corporate Management Control Area and the consolidation and accounting area, integrated in the Finance Division, consolidate all the financial information of Gamesa Corporación Tecnológica, S.A. and the companies integrated in the Group.

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

- Review of the Management Control Division.
- Review of the Finance Division.
- 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, the financial statements submitted previously to the Board of Directors for formulation are previously certified by professionals responsible for consolidation and the Finance Division.

The financial statements are drawn up based on a reporting calendar and deadlines that are known to all participants in the process, considering the legally established terms.

The control activities designed to cover the previously identified risks, as mentioned in the previous chapter, are performed both at the Division level in a Corporate environment and at the level of each business unit from a more operational and specific point of view by identifying the relevant processes and subprocesses.

The control activities of particular relevance are understood to be related to the following aspects:

- Earnings recognition, degree of progress and collection.
- Capitalization of promotion expenses.
- Provision for guarantees.
- Activation of research and development expenses.
- Material assets.
- Coverage management.
- Purchasing.
- Consolidation

As mentioned above, the new automated financial information control model was partially launched on 1 April 2015. This period enabled the organization to adapt to the cultural change and suitability of the regular self-assessments regarding the control activities for each process conducted by the executors and confirmed by their supervisors.

Likewise, implementation of a software tool for automating the Gamesa FIICS model entailed:

- Simplifying the management of the model in a unique, centralized and accessible environment from all geographical areas.
- Providing support to the regular assessments of control activities.
- Enabling knowledge of both the degree of progress of the evaluations and the results thereof.
- Streamlining the efforts of users through reminders of pending tasks.
- Enabling online monitoring of action plans and sample planning.

Currently, and in continuation of the continuous improvement to the model, the company is undergoing a process to optimize and adapt its model to the best practices in the sector.

The documentation of the internal financial information control system includes in-depth descriptions of the processes for generating relevant selected financial information and detailed descriptions of the prioritized error risks and controls conceived for the mitigation or management thereof. The description of the controls include substantiation to obtain during execution and in any case necessary for their review.

The established system entails a continuous process to the extent that the process managers draw up, revise and update control activities and procedures in tandem with the Internal Control Unit.

F.3.2. Internal control policies and procedures regarding information systems (including access security, change control, operation thereof, operational continuity and segregation of functions) supporting 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 subprocesses, 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 subprocesses and their main control activities are:

- 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, according to which different roles are assigned to users based on the identified needs, without allowing exceptions. Periodic review and approval of the various roles assigned, as well as reassignments, updates, user deletion, verification of infrequent or unused users, etc.

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

In general, Gamesa does not outsource any activity considered to be relevant and/or significant that could materially affect 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, 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 appraisal of derivatives, legal aspects, assets and payments based on shares.

These services are commissioned by the managers of the corresponding areas, reasonably ensuring the competence and technical and legal training of the subcontracted parties, reviewing as applicable the assessments, calculations or appraisals 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 functions of the Finance and Management Control Divisions include 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 areas of the various geographical areas and business units.

Additionally, the above divisions 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.

The Consolidation Division, incorporated in the General Finance Division, oversees 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 for consolidating and preparing the financial information is centralized. 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 Division 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 operation of the system**

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

F.5.1. Activities related to supervision of the FIICS carried out by the audit committee, and whether the entity has an internal audit function that includes, among its capacities, support to the committee in its task of overseeing the internal control system, including the FIICS. It will also report the scope of the FIICS assessment conducted during the fiscal year and the procedure whereby the person responsible for the assessment 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, Internal Audit Director and 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.

- 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 removal of the head 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 2015 of the new model and the automation of the FIICS, the function of Internal Audit has drawn up a review plan included in its 2016 Annual Audit Plan that comprises a re-orientation of one part of its activities tending to continue improving the security of the implemented system.

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. When having a discussion procedure whereby the 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 accounts 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.

The Audit and Compliance Committee holds meeting at the close of the semester (every six months) and yearly with external auditors, internal auditors and the division responsible for drawing up financial information with a view to commenting on relevant aspects and, as the case may be, discussing significant weaknesses identified in internal control.
In particular and at least once yearly, external auditors will appear in the Audit and Compliance Committee session to present their internal control related recommendations identified when examining the financial statements.

During 2015, account auditors have reported no significant internal control weaknesses.

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 annex. Otherwise, it should report the reasons.

Gamesa has requested an external auditor to issue a report on the review of the information described by the Company in the present FIICS report for 2015.

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 Good Governance Code of issued companies.

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.**

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 could arise.**

Comply □ Partially Comply □ Explain □ Non applicable X

3. **During the ordinary shareholders meeting, in addition to a written dissemination of the annual corporate governance report, the chairman of the board of directors verbally apprises shareholders, with sufficient details, of the most relevant corporate governance aspects of the company and, in particular:**

   a) **Changes made since the previous ordinary general shareholders meeting.**

   b) **Reasons for which the company failed to follow any of the recommendations in the Code of Good Governance and the alternative rules, if any, that may apply in this regard.**

Comply X Partially Comply □ Explain □

4. **The company defines and promotes a communication and contact policy with shareholders, institutional investors and voting advisers in fully adherence to the rules and regulations in place regarding market abuse, and treats shareholders of the same class equally.**

   The company also makes said policy public on its website, includes information regarding how the policy is put into practice and identifies the points of contact or persons responsible for discharging such duties.

Comply X Partially Comply □ Explain □

5. **The board of directors does not pass proposals onto the General Shareholders Meeting for delegating powers to issue shares or convertible securities with exclusions on first refusal rights at amounts over 20% the capital at the moment of delegation.**

   When the board of directors approves any issue of shares or convertible securities with the exclusion of first-refusal rights, the company immediately posts the reports on said exclusion on its website with reference to the pertinent commerce legislation.

Comply X Partially Comply □ Explain □

6. **The listed companies drawing up the reports cited below, whether voluntarily or as mandatory duties, also make them public on their websites with good time in advance of the ordinary general shareholders meeting, even though such dissemination may not be mandatory:**

   a) **Report on the independence of the auditor.**

   b) **Operating reports on the audit, appointments and remuneration committees.**

   c) **Audit committee report on related party transactions.**

   d) **Report on the corporate social responsibility policy.**

Comply X Partially Comply □ Explain □

7. **The company should stream a live feed of the general shareholders meeting on its website.**

Comply X Explain □

8. **The audit commission ensures that the board of directors presents the accounts to the general shareholders meeting without limitations or reservations in the audit report and, in the exceptional circumstance of reservations, both the chairman of the audit committee and auditors shall clearly explain the content and scope of said limitations or reservations.**

Comply X Partially Comply □ Explain □

9. **The company permanently publishes on its website the requirements and procedures that it will accept to accredit the shareholder, right to attend the general shareholders meeting and the exercise or delegation of voting rights.**

   These requirements and procedures favor the attendance and exercise of the rights of shareholders, and are applied with no discrimination.

   Comply X   Partially Comply □   Explain □

10. **When a legitimately accredited shareholder has exercised, before the general shareholders meeting, the right to add items to the agenda or present new proposals for resolution, the company shall:**

    a) Immediately disseminate the additional points and new proposals for resolution.

    b) Make the attendance card model or delegation of remote voting forms public, with the specific modifications so that the new items on the agenda and the alternative proposed resolutions may be voted on in the same terms as the ones proposed by the board of directors.

    c) Subject all these items or alternative proposals to a vote and apply the same voting rules as the ones formulated by the board of directors, including in particular the assumptions or deductions regarding the meaning of the vote.

    d) Following the general shareholders meeting, communicate the breakdown of the vote on the additional items and proposed alternatives.

    Comply □   Partially Comply X   Explain □   Non applicable □

    Explanation:

    The Company's Internal Rules and Regulations complies with sections a), b) and d) of the Recommendation, though regarding section c), article 31.7 of the Regulations of the General Shareholders Meeting of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. states that the system for determining the meaning of the vote establishes a different deduction system for voting proposals from the Board of Directors regarding items included on the Agenda than for voting on proposals for resolution regarding matters not contemplated in the Agenda or formulated by the Board of Directors.

11. **When the company intends to pay premiums for attending the general shareholders meeting, the general policy on said premiums must be established in advance and be stable.**

    Comply □   Partially Comply □   Explain □   Non applicable X

12. The board of directors carries out its duties with a consistent unity of purpose and independence of criteria, treating all shareholders in the same position equally and as guided by the interests of the company, namely obtaining profitable and sustainable long-term returns, promoting continuity and maximizing the economic value of the company.

And, for the sake of company interests, in observance of the pertinent laws and regulations, and through a conduct based on good faith, ethics and respect insofar as the uses and widely accepted good practices, it shall attempt to reconcile business interests with, where pertinent, the legitimate interests of its employees, providers, clients and those of stakeholders who may be affected in the community as a whole and in the environment.

Comply X Partially Comply □ Explain □

13. The board of directors has an appropriate size to achieve effectiveness and participation, ideally between five and fifteen members.

Comply X Explain □

14. The board of directors approves a director selection policy that:

a) Is concrete and verifiable

b) Ensures that appointment or re-election proposals are based on a prior examination of the needs of the board of directors

c) Favors the diversity of knowledge, experience and gender

The results of the initial analysis of the needs of the board of directors are included in the substantiating report of the appointments committee, published when calling to convene the general shareholders meeting at which the ratification, appointment or re-election of each director will be carried out.

The director selection policy promotes attainment of the target to have the number of female directors represent at least 30% of the total members of the board of directors by the year 2020.

The appointments committee shall conduct a yearly verification of compliance with the director selection policy, reporting thereon in the annual corporate governance report.

Comply X Partially Comply □ Explain □

15. Proprietary and independent directors constitute a large majority of the board of directors 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.

Comply X Partially Comply □ Explain □

16. The percentage of proprietary directors among the total of non-executive directors should be no greater than the existing proportion between the capital of the company represented by said directors and the remaining capital.

This criterion may be attenuated:

a) In companies with high capitalization where there are few equity stakes that attain the legal threshold for significant shareholdings.

b) In companies that have a plurality of unrelated shareholders represented on the board of directors.

Comply X Explain □

17. The number of independent directors represents at least half of all Board members.

However, when the company is not a high cap entity or, even if being one, it has a single shareholder or several shareholders acting jointly and controlling over 30% of the share capital, the number of independent directors shall represent at least one third of the total number of directors.

Comply X Explain □

18. Companies make public through their websites and regularly update the following information on their directors:

a) Professional and biographical profile

b) Other boards of directors to which they pertain, regardless of whether they are listed companies or not, and all other remunerated activities regardless of their nature.

c) Indication of the director's category, particularly indicating the represented or related shareholder for proprietary directors.

d) Date of first appointment as director in the company, and the subsequent re-elections. e) Shares held in the company and options thereon of which the director holds.

Comply X Partially Comply □ Explain □

19. The annual corporate governance report, upon verification thereof by the appointments committee, explains the reasons for appointing proprietary directors at the request of shareholders whose shareholding is less than 3% of the capital; and, if necessary, the reasons for not having accommodated formal requests for presence on the board representing shareholders whose equity stake is equal to or greater than that of others at whose request proprietary directors were appointed.

Comply □ Partially Comply □ Explain □ Non applicable X

20. Proprietary directors resign when the shareholder they represent transfers 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.

Comply X Partially Comply □ Explain □ Non applicable □

21. 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 of directors, based on the report of the appointments committee. In particular, the existence of just cause will be construed when directors move onto new posts or undertakes new contractual obligations that would hinder them insofar as the necessary time for dedication to the discharge of functions and duties inherent to the post of director, or engender situations that would cause them to lose their status as independent as established in the applicable legislation.

The separation of independent directors may also be put forward as a result of takeover bids, mergers or other similar corporate transactions involving a change in the capital structure of the company when such changes in the structure of the board of director are caused by the proportionality criteria in recommendation 16.

Comply X Explain □

22. The companies establish rules making it mandatory for directors to report and, if necessary, resign in cases that could damage the credibility and reputation of the Company and, in particular, apprise the board of directors of criminal cases in which they are involved as defendants and subsequent developments in proceedings.

Should a director be indicted or a court decision handed down against him or her during a trial for any of the crimes listed in corporate legislation, the board of directors shall examine the case as soon as possible and, in light of the specific circumstances, decides whether or not the director may remain in office. The board of directors shall nevertheless provide a reasoned account of the events in the annual corporate governance report.

Comply X Partially Comply □ Explain □

23. All directors express clear opposition when they feel a proposal submitted to the board of directors may be contrary to the corporate interest. And they also do so, especially independent and other directors unaffected by the potential conflict of interests, when dealing with decisions that could harm shareholders not represented on the board of directors.

And when the board of directors 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 of directors, even though he or she is not a director.

Comply X Partially Comply □ Explain □ Non applicable □

24. 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 members of the board of directors. And, regardless of whether said removal is communicated as a significant event, the reason is explained in the annual corporate governance report.

Comply X Partially Comply □ Explain □ Non applicable □

25. The appointments committee shall ensure that non-executive directors are sufficiently available insofar as the time dedicated to undertaking their duties correctly.

The regulations of the board also establishes the maximum number of company boards on which its directors may sit.

Comply X Partially Comply □ Explain □

26. The board of directors meets as often as necessary to perform its duties efficiently and at least eight times per year, following the schedule of dates and agendas set at the beginning of the year. Each individual director may propose items for the agenda not initially included.

Comply X Partially Comply □ Explain □

27. Director absences are kept to a bare minimum and listed in the annual corporate governance report. When such absences are unavoidable, representation is granted with the corresponding instructions.

Comply X Partially Comply □ Explain □

28. 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 during a meeting of the board of directors, at the request of the person who expressed the concern it will be recorded in the minutes.

Comply X Partially Comply □ Explain □ Not applicable □

29. The company establishes the appropriate channels so that directors can obtain precise advice regarding the discharge of their duties, including, when the circumstances so require, external advice paid for by the company.

Comply X Partially Comply □ Explain □

30. Regardless of the knowledge that directors are required to have to undertake their duties, the companies also provide directors with knowledge refresher programs when circumstances would so advise.

Comply X Explain □ Not applicable □

31. The agenda of the sessions clearly indicates items regarding which the board of directors must reach a resolution or decision so that directors can examine or ascertain, in advance, the information necessary for adoption.

Should the chairman exceptionally seek to submit decisions or agreements not on the agenda to the board of directors for approval, for reasons of urgency, the prior and express consent of the present directors must be secured and record thereof must be made in the minutes of the meeting.

Comply X Partially Comply □ Explain □

32. Directors should be regularly apprised of the transactions in the shareholder group and the opinion that significant shareholders, investors and rating agencies have of the company and its group.

Comply X Partially Comply □ Explain □

33. The chairman, as responsible for the effective operations of the board of directors, in addition to the discharge of duties attributed thereto by law and bylaws, shall prepare and submit a schedule of dates and matters to address to the board of directors; organize and coordinate the regular assessment of the board and, as the case may be, the chief executive officer of the company; be responsible for managing the board and the effectiveness of its operations; ensure that sufficient time is dedicated to discussing strategic matters; and agree and review knowledge refresher programs for each director when the circumstances so advise.

Comply X Partially Comply □ Explain □

34. In addition to the legally corresponding capacities, when there is a coordinating director, the bylaws, regulations of the board of directors attribute the following duties: preside over the board of directors in the absence of the chairman and, where pertinent, vice chairmen; articulate the concerns of non-executive directors; maintain contact with investors and shareholders to ascertain their points of view regarding corporate governance, particularly concerning the company's corporate governance; and coordinating the chairman succession plan.

Comply X Partially Comply □ Explain □ Non applicable □

35. The secretary of the board of directors particularly ensures that the engagements and decisions of the board of directors consider the good governance recommendations contained in this Code of Good Governance that apply to the company.

Comply X Explain □

36. Once yearly, the board of directors in plenary session shall examine and adopt, as the case may be, an action plan for rectifying deficiencies detected in relation to:

a) Operating quality and efficiency of the board of directors

b) Operation and composition of its committees

c) Diversity in the composition and capacities of the board of directors

d) Performance of the chairman of the board of directors and company CEO

e) Performance and contribution of each director, particularly considering the heads of the various committees of the board

Assessments of the different committees shall be based upon the reports that they submit to the board of directors, which will in turn make its assessment based on the report submitted by the appointments committee.

Every three years, the board of directors will receive assistance to conduct the assessment from an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company of the consultant's group maintains with the company or any company of its group must be broken down in the annual corporate governance report.

The assessed process and areas will be described in the annual corporate governance report.

Comply X Partially Comply □ Explain □

37. When there is an executive committee, the membership structure of the various director categories are similar to that of the board of directors and its secretary shall be the secretary of the board.

Comply X Partially Comply □ Explain □ Non applicable □

38. The board of directors is always apprised of the matters discussed and the decisions made by the executive committee and all members of the board of directors receive copies of the minutes of the meetings of the executive committee.

Comply X Partially Comply □ Explain □ Non applicable □

39. The members of the audit committee, and particularly the chairman thereof, shall be appointed in consideration of their knowledge and experience in accounting, auditing or risk management. The majority of said members shall be independent directors.

Comply X Partially Comply □ Explain □

40. A unit under direct supervision of the audit committee shall assume the internal audit function to ensure that the internal information and control systems work properly, and will functionally report to the non-executive chairman of the board of the audit committee.

Comply X Partially Comply □ Explain □

41. The head of the unit assuming 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 Partially Comply □ Explain □ Non applicable □

42. In addition to the ones attributed by law, the following duties correspond to the audit committee:

1. With regard to information systems and internal control:

a) 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.

b) Ensure the independence of the unit assuming 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; approve the orientation and work plans, securing that this activity is primarily focused on the significant risks of the company; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) Establish and monitor a mechanism whereby staff can report, confidentially and, if possible, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.

2. With regard to the external auditor:

a) In case of resignation of the external auditor, examine the circumstances that caused it.

b) Ensure that the remuneration of the external auditor does not compromise the quality or independence of the auditor's work.

c) Supervise that 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.

d) Ensure that the external auditor maintains a yearly meeting with the plenary board of directors to brief it on the work carried out and the progress of the accounting status and company risks. e) Ensure that the company and external auditor observe the valid standards regarding the provision of services other than auditing, limits of concentration of the audit business and, in general, other rules, regulations and standards regarding the independence of auditors.

Comply X Partially Comply □ Explain □

43. 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 Partially Comply □ Explain □

44. The audit committee should be apprised on the operations of structural and corporate modifications intended for the company so that it can conduct a prior analysis and report to the board of directors regarding the corresponding economic conditions and impact on the accounts, particularly, as the case may be, the proposed exchange ratio.

Comply X Partially Comply □ Explain □ Non applicable □

45. The control and risk management policy identify at least:

a) The different financial and non-financial risk types (including operational, technological, legal, social, environmental, political and reputational) that the company faces, including contingent liability risks and other off-balance sheet risks among the financial and economic 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.

Comply X Partially Comply □ Explain □

46. Under direct supervision of the audit committee or, as the case may be, a specialized committee of the board of directors, there is an internal risk control and management function carried out by an internal company unit or department expressly having the following duties:

a) Ensure the proper operations of risk control and management systems and, in particular, that all significant risks affecting the company are identified, managed and quantified.

b) Actively participate in drawing up the risk strategy and taking important decisions regarding the management thereof.

c) Ensure that the risk control and management systems suitably mitigate the risks within the framework of the policy defined by the board of directors.

Comply X Partially Comply □ Explain □

47. The members of the appointments and remuneration committee (or the appointments and remuneration committees when separate) are appointed in view of their adequate knowledge, capacity and experience to carry out their duties, and the majority of the members shall be independent directors.

Comply X Partially Comply □ Explain □

48. High cap companies have an appointments committee and a remuneration committee.

Comply X Explain □ Non applicable □

49. The appointments committee consults the chairman of the board of directors and CEO of the company, especially on matters relating to executive directors.

Any Director may request that the appointments committee consider potential candidates to fill vacancies on the Board, if it finds them suitable.

Comply X Partially Comply □ Explain □

50. The remuneration committee independently carries out its duties, which are, in addition to the duties attributed by law:

a) Propose the basic contract terms and conditions for senior management to the board of directors.

b) Check that the remuneration policy established by the Company is observed.

c) Regularly review the remuneration policy applied to board directors and senior management, including the remuneration systems involving shares and their application, and guarantee that individual remuneration is proportional to the consideration paid to the other directors and senior managers in the company.

d) Ensure that potential conflicts of interest do not harm the independence of external counsel provided to the committee.

e) Verify the information regarding the remuneration to directors and senior managers contained in the different corporate documents, including the annual directors' remuneration report.

Comply X Partially Comply □ Explain □

51. The remuneration committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors and Senior Management.

Comply X Partially Comply □ Explain □

52. The composition and operating rules of the oversight and control committees are in the regulations of the board of directors and consistent with the rules and regulations applicable to the committees by law according to the recommendations above, including:

a) They exclusively comprise non-executive directors, with a majority of independent directors.

b) Their Chairmen are independent directors.

c) The board of directors appoints the members of these committees mindful of the knowledge, skills and experience of the directors and the duties of each committee; deliberates insofar as their proposals and reports; and renders accounts of their activity, holding them accountable for their work, during the first session of the board of directors following the respective committee meetings.

d) Committees may seek external advice when considering it necessary to discharge their duties.

e) Minutes shall be kept during their meetings and made available to all directors.

Comply X Partially Comply □ Explain □ Non applicable □

53. Oversight of compliance with the corporate governance rules, internal conduct codes and corporate social responsibility policy is attributed to one or among various committees under the board of directors that could be the audit, appointments or corporate responsibility committees (if existing), or even a specialized committee that the board of directors, in the discharge of its duties of self-organization, decides to create for such a purpose; committees that will have at least the following functions:

a) Oversight of compliance with internal codes of conduct and corporate governance rules of the company.

b) Oversight of the strategy for communication and relations with shareholders and investors, including small- and medium-sized shareholders.

c) Regular assessment of the suitability of the Company's Corporate Governance System to ensure that it complies with its mission to promote the corporate interest and, where pertinent, considers the legitimate interests of all other stakeholders.

d) Revision of the Company's Corporate Social Responsibility policy, ensuring that it targets the creation of value.

e) Tracking of the corporate social responsibility strategy and practices and assessment of its degree of compliance.

f) The oversight and assessment of the processes for relations with the different stakeholders.

g) The assessing of all matters relating to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordination of the non-financial data and diversity reporting process in accordance with the applicable legislation and benchmark international standards.

Comply X Partially Comply □ Explain □

54. The corporate social responsibility policy includes the principles or commitments that the company voluntary assumes in its relationships with the different stakeholders, and identifies at least the following:

a) The corporate social responsibility policy objectives and development of support instruments.

b) The corporate strategy regarding sustainability, the environment and social matters.

c) The specific practices in matters relating to: shareholders, employees, clients, suppliers, social matters, environmental affairs, diversity, tax responsibility, human rights and illegal conduct prevention.

d) The methods or systems for tracking the results from applying the specific practices mentioned in the letter above, associated risks and the management thereof.

e) The non-financial risk, ethics and corporate conduct supervision mechanisms.

f) Channels for communication, participation and dialog with stakeholders.

g) The responsible communication practices that prevent informational tampering and safeguard integrity and honor.

Comply X Partially Comply □ Explain □

55. The company reports on matters related to corporate social responsibility in a separate document or in the management report, and will use any of the internationally accepted methods to do so.

Comply X Partially Comply □ Explain □

56. The remuneration of directors should suffice to attract and retain directors with the desired profile and to compensate them for the dedication, qualifications and responsibilities that the post requires, but not so high as to compromise the independence of criteria of non-executive directors.

Comply X Explain □

57. Executive directors shall have variable remuneration linked to the performance of the company and their personal performance, and remuneration through the delivery of shares, options or rights on shares and instruments referenced to the value of stock, and long-term savings systems such as pension plans, retirement programs or other social welfare systems.

Remuneration to non-executive directors may be made via the delivery of shares when conditioned to be retained until the end of their tenure as directors. The foregoing will not apply to shares that the director needs to dispose to, as the case may be, to satisfy the costs related to their acquisition.

Comply X Partially Comply □ Explain □

58. In case of variable remuneration, compensation policies incorporate limits and technical safeguards to ensure that such remuneration conserves a relation to the professional performance of its beneficiaries and not simply derived from the general progress of the markets or the industry in which the Company participates or other similar circumstances.

And, in particular, the variable components of remuneration:

a) Are linked to measurable performance criteria that are established in advance and contemplate the risk assumed to secure a result.

b) Promote the sustainability of the company and include non-financial criteria appropriate for creating long-term value, namely compliance with the company's internal rules, procedures and policies for risk control and management.

c) Are configured on the basis of a balance between attaining short-, medium- and long-term objectives for rewarding performance for sustained efforts during a period of time sufficing to appreciate the contribution to a sustainable creation of value, so that the elements for measuring this performance are not merely based on singular, occasional or extraordinary events.

Comply X Partially Comply □ Explain □ Non applicable □

59. The payment of one relevant part of the variable components of the remuneration differs for a minimum period of time sufficing to check that the previously established performance conditions have been met.

Comply X Partially Comply □ Explain □ Not applicable □

60. 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 □ Partially Comply □ Explain □ Non applicable X

61. A relevant percentage of the variable remuneration to executive directors is linked to the delivery of shares or financial instruments referenced to its value.

Comply X Partially Comply □ Explain □ Non applicable □

62. Once the shares or options or rights to shares corresponding to the remuneration systems have been assigned, directors may neither transfer ownership of a number of shares equivalent to twice their annual fixed remuneration nor exercise stock options until a period of at least three years from assignment has elapsed.

The foregoing will not apply to shares that the director needs to dispose to, as the case may be, to satisfy the costs related to their acquisition.

Comply □ Partially Comply □ Explain X Not applicable □

Explanation:

On 23 September 2015, the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. approved the "Director Remuneration Policy", which includes the possibility that long-term remuneration plans with systems based on delivering shares in the company establish suitable minimum retention periods for the received shares. However, the most recent Long-Term Incentive Plan approved by the 2013 General Meeting, whose measurement period ended on 31 December 2015, does not contemplate a share retention period.

63. The contractual agreements include a clause enabling the company to reclaim reimbursement of the variable components when payment has not been adjusted to the performance conditions or made attending to data whose inaccuracy is only subsequently appreciated.

Comply X Partially Comply □ Explain □ Non applicable □

64. Payments upon termination of the contract do not exceed an established amount equivalent to two years of the total annual remuneration and not settled until after the company has checked that the director has satisfied the previously established performance criteria.

Comply X Partially Comply □ Explain □ Non 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.

(A.2)

In addition to the information provided in section A.2, the company FIDELITY INTERNATIONAL LIMITED holds a significant stake of 1.104% of the share capital in GAMESA CORPORACIÓN TECNOLÓGICA, S.A.; thus falling within the cases contemplated in article 32 of Royal Decree 1362/2007 of 19 October, implementing the Securities Market Act, regarding 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 referred to as Royal Decree 1362/2007), which indicates that the percentages for considering a holding in stock as significant drops to 1% when the entity with the duty to report resides in a tax haven or country or territory with no taxation, or with which there is no effective exchange of tax information in accordance with the pertinent legislation currently in force.

In addition to the information provided in section A.2, the significant holding of BLACKROCK INC. and FIDELITY INTERNATIONAL LIMITED do not give them voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., since, firstly, BLAKCROCK, INC. has not communicated its identity as stipulated under article 34 of Royal Decree 1362/2007, declaring that none of its clients possess any holding of at least 3% of the voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and secondly, that none of the direct holders included by FIDELITY INTERNATIONAL LIMITED in its communication to the CNMV exceeded the 1% direct holding threshold insofar as the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

Regarding the table of significant holding in section A.2, BLACKROCK, INC., at the close of 2015, held 0.166% stock in the capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in voting rights linked to the exercise of financial instruments, as reported to the CNMV.

In addition to the information provided in section A.2, BLACKROCK, INC. informed the CNMV that on 7 January 2016, its percentage of voting rights linked to shares within the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. was reduced from 3% to 2.917%, and also reported that its percentage of voting rights linked to the exercise of financial instruments varied by 0.281%. Also, BLACKROCK, INC. then reported to the CNMV that on 4 February 2016, its percentage of voting rights linked to shares in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. was reduced from 3% to 2.873%, and also reported that its percentage of voting rights linked to the exercise of financial instruments varied by 0.121%.

In addition to the information provided in section A.2, NORGES BANK informed the CNMV that on 15 January 2016 the 3% threshold regarding its percentage of voting rights linked to shares in the share capital GAMESA CORPORACIÓN TECNOLÓGICA, S.A. was surpassed and increased to 3.026%. It also reported that on 16 December 2015, its voting rights linked to the exercise of financial instruments decreased to 0.019%.

Lastly, in addition to the information provided in section A.2, YORK EUROPEAN OPPORTUNITIES INVESTMENTS MASTER FUND L.P. informed the CNMV that it resided in a tax haven and that on 5 February 2016, the 1% threshold for its voting rights linked to shares in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. was breached and increased to 1.052%.

(A.3)

To complement the information provided in paragraph A.3 note that Mr. Manuel Moreu Munaiz, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until February 17, 2015, holds directly two thousand (2,000) shares of the Company, and also holds indirectly two thousand (2,000) shares of the Company through his wife Ms. María del Carmen Gamazo Trueba.

Likewise, it shall be pointed out that Mr. Ramón Castresana Sánchez, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until May 27, 2015, holds two thousand and sixty (2,060) shares of the Company

(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 2015 were submitted to the National Securities Market Commission under the same through Significant Events numbers 218,122, 222,458, 224,052, 227,872, 230,436, 231,218 y 234,556.

(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 2015 by nine shareholders who were holders of a total of thirty four thousand five hundred and sixty (34,560) shares.

(C.1.2)

To complement the information provided in paragraph C.1.2 note that on December 16, 2015 the Lead Independent Director, Mr. Luis Lada Díaz, was substituted by Mr. José María Aldecoa Sagastasoloa.

(C.1.3)

To complement the information provided in paragraph C.1.3 a brief profile of Executive and External Proprietary Directors is given below:

EXECUTIVE DIRECTORS

Ignacio Martín San Vicente

Born in San Sebastián (Guipúzcoa). He is currently Chairman of the Board of Directors and Chief Executive Officer, and Chairman of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds an Electronic Superior Engineering Degree from the University of Navarra.

Along his professional career he has 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) and member of the Strategic Committee of CEIT.

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, of the Audit and Compliance Committee, of the Appointment Committee and of the 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.

Currently he performs tasks as Director of or as 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.

EXTERNAL 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 Certified Internal Auditor (Institute of Internal Auditors), Certified Fraud Examiner (Assocation of Certified Fraud Examiners), Certified Compliance&Ethics Professional (Society of Corporate Compliance and Ethics) and Leading Professional in Ethics & Compliance (Ethics & Compliance Initiative).

Sonsoles Rubio is Complaince Chief Officer in Iberdrola, S.A. since January 2013. Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A., Holcim (España), S.A. (1999-2008) and Iberdrola, S.A., company she joined in 2008 as Internal Audit Manager of Renewable Business in Iberdrola, S.A.

She is Member of the Steering Committee of the Instituto de Auditores Internos.

Throughout her career she has published articles and given many talks in national and international conferences.

Francisco Javier Villalba Sánchez

Born in Valencia, he holds the position of member of the Board of Directors, of the Executive Committee and of the Appointments Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He is Civil Engineer by the Polytechnic University of Valencia and has also fulfilled a Program of Development of Senior Management in the Management School of IESE Business School (University of Navarra).

Until February 1, 2016 and since 2010, he held the post of general director of Networking Business of the Iberdrola group.

Along his professional career he has hold different posts in Hidroeléctrica Española and, afterwards, in the Iberdrola group, in which he has held, among others, the following posts: Networking Business Director Spain (2006-2010), Distribution Area Director (2001-2006), Production Business Unit Director (1997-2001), Hydraulic Generation Director (1994-1997), East Zone Generation Director (1991-1994), Exploitation Unit Manager in Valencia (1989-1991), Cortes-La Muela Hydroelectric Capture Construction Director (1982-1989) and Civil Works Manager in the construction of the Nuclear Power Station of Cofrentes (1976-1984).

Until February 1, 2016 he held the following posts in the Board of Directors of the companies detailed next: Chairman Director of Elektro Electricidade e Serviços, S.A., Chairman Director of Iberdrola USA Networks, Inc., Chairman Director of Iberdrola Distribución Eléctrica, S.A., Joint Administrator of Iberdrola Redes España, S.A. and Chairman Director of Scottish Power Energy Networks Holdings Ltd.

Likewise, until February 9, 2016 he held the post of Joint Administrator of Iberdrola Redes España, S.A.

Gema Góngora Bachiller

Born in Madrid, she holds the position of Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and of its Remunerations Committee.

She holds a Degree in Business from Universidad Autónoma de Madrid and a Master's in Strategic Human Resources Management from Escuela de Organización Industrial.

She started her professional career in the Human Resources Organisation and Development Department of Iberdrola Engineering, joining the Corporate Human Resources Division of Iberdrola in 2001, where she has been Head of Training and Development.

Currently Director of Development and Executive Management, she is responsible for the professional development and global talent management programmes. She is also in charge of training and development for the executive team of the Iberdrola Group.

(C.1.7)

In addition to the information provided in section C.1.7, Ramón Castresana Sánchez was external proprietary director of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. from his appointment on 25 July 2012 at the request of Iberdrola, S.A., subsequently re-elected on 19 April 2013) and until his resignation on 27 May 2015.

(C.1.15)

To complement the information provided in paragraph C.1.15 note that:

a) pursuant to the provisions of Articles 45.3 and 45.6 of the Corporate Bylaws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and of those provisions approved under the fifteenth accord of the agenda of the 2015 General Shareholders Meeting held on 8 May 2015, 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 three million euros (€3,000,000) established by said General Shareholders Meeting, as such consideration is compatible with and independent of the remuneration received by executive directors.

b) the remunerations to the Board of Directors included, in accordance with the Annual Directors' Remuneration Report, the amount accrued in cash by the chairman and CEO corresponding to the long-term incentive approved by the 2013 General Shareholders Meeting whose measurement period concluded on 31 December 2015, and totaled €1.26 million. Fifty percent (50%) of this amount will be liquidated within the first 90 days in 2016, and the remaining 50% within the first 90 days in 2017. Turning to the part of the incentive consisting in shares, the right to a delivery of 189,759 shares has been acknowledged. Delivery of half (94,879 shares) of this amount is scheduled upon verification during the first 90 days in 2016 and the remaining half (94,880 shares) during the first 90 days of 2017. The amount corresponding to the shares delivered in these periods shall be included in the deeds and reports corresponding thereto, calculated in terms of the average listed share price on the date of delivery to the chairman and CEO.

c) the information shown therein 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 2015.

(C.1.16)

a) In addition to the information provided in section C.1.16, Remuneration to the Senior Management Board of Directors included, as long-term variable remuneration, the amount accrued in cash corresponding to the long-term incentive approved by the 2013 General Shareholders Meeting whose measurement period concluded on 31 December 2015, and totaled €2.972 million. Fifty percent (50%) of this amount will be liquidated within the first 90 days in 2016, and the remaining 50% within the first 90 days in 2017. Turning to the part of the incentive consisting in shares, the right to a delivery of 447,580 shares has been acknowledged for the entire Senior Management. Delivery of half (223,790 shares) of this amount is scheduled upon verification during the first 90 days in 2016 and the remaining half (223,790 shares) during the first 90 days of 2017. The amount corresponding to the shares delivered in these periods shall be included in the deeds and reports corresponding thereto, calculated in terms of the average listed share price on the date of delivery to the beneficiaries.

b) the information shown in the same coincides with the figure in Note 19 of the Individual Report and Note 31 of the Consolidated Report, which form part of the financial statements for fiscal year 2015.

(C.1.17)

In addition to the information provided in section C.1.17, Ramón Castresana Sánchez was external proprietary director of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. from his appointment on 25 July 2012 at the request of Iberdrola, S.A., subsequently re-elected on 19 April 2013) and until his resignation on 27 May 2015. Ramón Castresana Sánchez was therefore linked to the significant shareholder Iberdrola, S.A., and the existing relationship consists in his post as Human Resources Director of the Iberdrola Group.

In addition to the information provided in section C.1.17, Francisco Javier Villalba Sánchez retired on 1 February 2016 from his post as General Director of the Grid Business in the Iberdrola group, likewise resigning from his posts on the Boards of Directors of the companies included in the cited section.

(C.1.21)

In addition to the information provided in section C.1.21, according to Significant Event 218697 submitted to the CNMV on 17 February 2015, independent director Manuel Moreu Munaiz informed GAMESA CORPORACIÓN TECNOLÓGICA, S.A. of his resignation as Member of the Board of Directors and the Audit and Compliance Committee on the same date.

In addition to the information provided in section C.1.21, according to Significant Event 223593 submitted to the CNMV on 27 May 2015, non-executive proprietary director Ramón Castresana Sánchez informed GAMESA CORPORACIÓN TECNOLÓGICA, S.A. of his resignation as Member of the Board of Directors and Appointments and Remuneration Committee on the same day.

(C.1.30)

In addition to the information provided in section C.1.30, all the Directors personally attended all meetings of the Board of Directors. In this regard, non-attendance was not considered in cases of directors in a conflict of interest who, according to article 31 of the Regulations of the Board of Directors, refrained from attending and intervening in the deliberations, voting, decision-making and execution of transactions and matters in connection with the conflict.

(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 21.5 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 establishes the functions of the Secretary, in addition to the functions attributed by law or by the Corporate Governance rules.

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 28 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 call of the 2015 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 "2014 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, 2014.

(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, of the Appointments Committee and the 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:

Executive Committee

During its session on 25 February 2015, and following a report from the Appointments and Remuneration Committee, the Board of Directors agreed to appoint Mr. Francisco Javier Villalba Sánchez as Proprietary Director of the Board of Directors of the Company, as new member of the Executive Committee to replace Sonsoles Rubio Reinoso.

Audit and Compliance Committee

According to Significant Event 218697 submitted to the CNMV on 17 February 2015, independent director Mr. Manuel Moreu Munaiz informed GAMESA CORPORACIÓN TECNOLÓGICA, S.A. of his resignation as Member of the Board of Directors and the Audit and Compliance Committee on the same date.

At its meeting of 27 May 2015, the Board of Directors agreed to appoint, at the proposal of the Appointments and Remuneration Committee, Ms. Gloria Hernández García as Independent Director on the Board of Directors of the Company, member of the Audit and Compliance Committee, which agreed on the same date to appoint her as Chairman to replace Mr. Luis Lada Díaz.

During its session on 27 May 2015, and at the proposal of the Appointments and Remuneration Committee, the Board of Directors agreed to appoint Mr. José María Aracama Yoldi as Independent Director of the Board of Directors of the Company, as new member of the Audit and Compliance Committee.

Appointments and Remuneration Committee

During its session on 27 May 2015, and at the proposal of the Appointments and Remuneration Committee, the Board of Directors agreed to appoint Mr. Andoni Cendoya Aranzamendi as Independent Director of the Board of Directors of the Company, member of the Appointments and Remuneration Committee, which in turn agreed to appoint him as its Chairman to replace Mr. José María Aracama Yoldi.

During its session on 27 May 2015, and following a report from the Appointments and Remuneration Committee, the Board of Directors agreed to appoint Ms. Gema Góngora Bachiller as Proprietary Director of the Board of Directors of the Company, as new member of the Appointments and Remuneration Committee to replace Proprietary Director Mr. Ramón Castresana Sánchez.

(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 2015.

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) Gamesa Group companies established in countries or territories considered to be tax havens according to Law 1080/1991 of 5 July, are classified as operating companies and exclusively carry out ordinary business activities.

b) there are no operations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. with said companies of the Gamesa Group in countries or territories considered to be tax havens according to Decree Law 1080/1991 of 5 July, 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	241
Gamesa Cyprus Limited	Interest on intragroup financing	8
Gamesa Cyprus Limited	Intragroup sales and rendering of services	87
Gamesa Dominicana, S.A.S.	Intragroup sales and rendering of services	218
Gamesa Dominicana, S.A.S.	Interest on intragroup financing	583
Parques Eólicos del Caribe, S.A.	Intragroup sales and rendering of services	5
Gamesa Mauritius LTD	Interest on intragroup financing	6
Gamesa Mauritius LTD	Intragroup sales and rendering of services	222
Gamesa Eólica S.L. "Branch Jamaica"	Intragroup sales and rendering of services	1,823

(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 2015.

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. In particular, indicate if the company has acceded to the Good Tax Practices Code, of July 20, 2010.

   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.

h) "Science Based Targets", a joint initiative of the Carbon Disclosure Project (CDP), United Nations Global Compact (UNGC), Word Resources Institute (WRI) and WWF for the purpose of elevating corporate commitments and actions in the fight against climate change. This initiative enables companies to establish emissions reduction targets that are consistent with the decarbonization levels scientifically called for to limit global warming to 2ºC in comparison with pre-industrial levels. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. voluntarily adhered to this initiative on 23 November 2015.

i) "American Business Act on Climate Pledge", promoted by the government of the United States of America with a view to backing the fight against climate change and calling on its parties to adopt a firm commitment at the Paris Summit (COP 21) on 30 November 2015.

j) "Paris Pledge for Action", an inclusive initiative from the French presidency of the COP21 managed by the University of Cambridge Institute for Sustainability Leadership (CISL) that invites companies, regions, cities and investors to join together and take action to further the results of the ONU's Paris Agreement on Climate Change. Over 400 companies, 150 cities and regions, and 120 investors have currently joined this initiative. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. voluntarily adhered to this initiative on 4 December 2015.

In relation to the Good Tax Practices Code of 20 July 2010, it shall be pointed out that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has not adhered to it.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting held on February 24, 2016.

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 RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302 A, SECRETARY OF THE BOARD OF DIRECTORS "GAMESA CORPORACIÓN TECNOLÓGICA, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the consolidated management report for 2015 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., authorised for issue by the Board of Directors at its meeting held on February 24, 2016, is the content of the preceding 139 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

Carlos Rodriguez-Quiroga Menéndez
Secretary of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Luis Lada Díaz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Jose Maria Aldecoa Sagastasoloa
Member of the Board of Directors

Francisco Javier Villalba Sanchez
Member of the Board of Directors

Gloria Hernández García
Member of the Board of Directors

Andoni Cendoya Aranzamendi
Member of the Board of Directors

Gema Góngora Bachiller
Member of the Board of Directors

Zamudio, February 24, 2016. In witness whereof

Approval of the Chairman

Ignacio Martín San Vicente
Chairman and CEO

D. Carlos Rodriguez-Quiroga Menéndez
Secretary of the Board of Directors

Auditor's report on information relating to the internal control over financial reporting (ICFR) for 2015

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 2015

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, 2015, we applied certain procedures to the accompanying "ICFR-related information" included in the Corporate Governance Report, hereinafter CGR, (English version pages 71 to 85) for GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and subsidiaries for 2015, which summarizes the Company'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 Company'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 Company'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 Company's 2015 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 Company.

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 Company'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 Company 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 article 540 of the Corporate Enterprises Act, by Circular number 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, 2016

ANNUAL FINANCIAL REPORT STATEMENT OF RESPONSIBILITY

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 financial year ending on December 31, 2015, issued at its meeting of February 24 2016, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial conditions and the results of operations of 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 24, 2016.

Ignacio Martín San Vicente Chairman and CEO	Juan Luis Arregui Ciarsolo Deputy Chairman
Carlos Rodriguez-Quiroga Menéndez Secretary of the Board of Directors	José María Vázquez Eguskiza Member of the Board of Directors
Luis Lada Díaz Member of the Board of Directors	José María Aracama Yoldi Member of the Board of Directors
Sonsoles Rubio Reinoso Member of the Board of Directors	Jose Maria Aldecoa Sagastasoloa Member of the Board of Directors
Francisco Javier Villalba Sanchez Member of the Board of Directors	Gloria Hernández García Member of the Board of Directors
Andoni Cendoya Aranzamendi Member of the Board of Directors	Gema Góngora Bachiller Member of the Board of Directors