Gamesa Corporación Tecnológica, S.A.

Auditors' Report

Financial Statements for the year ended 31 December 2013 and Management Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Auditor’s report on annual accounts

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation (see Notes 2 and 21).

To the Shareholders of Gamesa Corporación Tecnológica, S.A.

We have audited the annual accounts of Gamesa Corporación Tecnológica, S.A., consisting of the balance sheet at 31 December 2013, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The Company’s Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in Note 2.a to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2013 present fairly, in all material respects, the financial position of Gamesa Corporación Tecnológica, S.A. at 31 December 2013 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

The accompanying Management Report for 2013 contains the explanations which the Directors consider appropriate regarding the Company’s situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Management Report is in agreement with that of the annual accounts for 2013. Our work as auditors is limited to checking the Management Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the Company’s accounting records.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by Ricardo Celada
Partner
February 27, 2014

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

BALANCE SHEET AT 31 DECEMBER 2013 AND 2012

(Thousands of euros)

ASSETS	Notes	31.12.2013	31.12.2012	EQUITY AND LIABILITIES	Notes	31.12.2013	31.12.2012
NON-CURRENT ASSETS		**311.406**	**256.799**	**EQUITY**	**Note 12**	**560.545**	**114.983**
Intangible assets	**Note 6**	**703**	**1.205**	***SHAREHOLDER'S EQUITY-***		**560.545**	**114.983**
Intellectual property		-	-	**Share capital**		**43.160**	**43.160**
Computer software		703	1.205	**Share premium**		**154.619**	**154.619**
Property, plant and equipment	**Note 7**	**482**	**875**	**Reserves**		**(59.469)**	**379.173**
Other fixtures, tools and furniture		375	631	Legal and bylaw reserves		8.408	8.408
Other items of property, plant and equipment		107	244	Other reserves		(67.877)	370.765
Non-current investments in Group companies and associates	**Note 9**	**270.431**	**210.776**	**Treasury shares**		**(21.340)**	**(7.157)**
Investments in Group companies and associates		270.431	210.776	**Profit for the year**		**443.575**	**(454.812)**
Non-current financial assets	**Note 9**	**558**	**555**				
Equity instruments		113	113	***GRANTS, DONATIONS AND BEQUESTS RECEIVED***		**0**	**0**
Long-term loans to third parties		-	-				
Guarantees and deposits given		445	442				
Deferred tax assets	**Note 16**	**39.232**	**43.388**	**NON-CURRENT LIABILITIES**		**2.709**	**390.652**
				Long-term provisions	**Note 13**	**0**	**390.132**
				Non-current payables		**2.709**	**520**
				Other financial liabilities	Note 15	2.709	520
CURRENT ASSETS		**402.632**	**379.089**	**Deferred tax liabilities**	**Note 16**	**0**	**0**
Trade and other receivables		**55.753**	**48.224**				
Trade receivables for sales and services		26	26	**CURRENT LIABILITIES**		**150.784**	**130.253**
Receivables from Group companies and associates	Note 19	39.106	30.443	**Short-term provisions**	**Note 13**	**891**	**888**
Accounts receivable		97	97	Other provisions		891	888
Other accounts receivable from public authorities	Note 16	16.524	17.658	**Current payables**		**31.338**	**11.758**
Current investments in Group companies and associates	**Note 19**	**342.764**	**328.028**	Bank borrowings	Note 14	31.338	11.758
Short-term loans to Group companies		342.764	328.028				
Current financial assets	**Note 10**	**1.717**	**1.655**	**Current payables to Group companies and associates**	**Note 19**	**90.640**	**89.960**
Short-term loans to third parties		1.717	1.655	**Trade and other payables**		**27.915**	**27.647**
Short-terms accruals		**1.339**	-	Sundry accounts payable		4.712	4.281
Cash and cash equivalents	**Note 11**	**1.059**	**1.182**	Remuneration payable		4.090	2.166
Cash		1.059	1.182	Other accounts payable to public authorities	Note 16	19.113	21.200
TOTAL ASSETS		**714.038**	**635.888**	**TOTAL EQUITY AND LIABILITIES**		**714.038**	**635.888**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2013.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Thousands of euros)

	Notes	2013	2012
CONTINUING OPERATIONS:			
Revenue	**Notes 9 and 18.a**	**461.719**	**8.237**
Dividends received for investments in equity instruments of Group companies and associates		455.544	743
Income from loans granted to Group companies and associates		6.175	7.494
Other operating income		**20.823**	**8.522**
Non-core and other current operating income	Note 18.b	20.800	8.466
Income-related grants transferred to profit or loss		23	56
Personnel expenses	**Note 18.d**	**(19.156)**	**(23.085)**
Wages, salaries and similar expenses		(15.950)	(20.813)
Employee benefit costs		(3.206)	(2.272)
Other operating expenses	**Note 18.c**	**(11.743)**	**(18.294)**
Outside services		(11.768)	(18.277)
Taxes other than income tax		25	(17)
Depreciation and amortization	**Notes 6 and 7**	**(1.060)**	**(1.037)**
Excessive provisions		**-**	**-**
OPERATING PROFIT/(LOSS)		**450.583**	**(25.657)**
Financial income	**Notes 9 and 19**	**61**	**1.723**
From marketable securities and other third-party financial instruments		61	1.723
Financial expense		**(1.112)**	**(582)**
On debts to Group companies and associates	Note 19	(185)	(216)
On debts to third parties	Note 14	(927)	(366)
Exchange differences		**(642)**	**(302)**
Impairment and profit/loss on disposals of financial instruments	**Note 9 and 13**	**(4.899)**	**(440.687)**
Impairment and other losses		(4.899)	(440.687)
FINANCIAL PROFIT/(LOSS)		**(6.592)**	**(439.848)**
PROFIT/(LOSS) BEFORE TAX		**443.991**	**(465.505)**
Income tax	Note 16	(416)	10.693
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**443.575**	**(454.812)**
PROFIT/(LOSS) FOR THE YEAR		**443.575**	**(454.812)**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 21 are an integral part of the income statement at 31 December 2013.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Thousands of euros)

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR 2013 AND 2012

	2013	2012
Profit per income statement	443.575	(454.812)
Transfers to income statements		
Grants, donations and bequests received		(2)
TOTAL INGRESOS Y GASTOS RECONOCIDOS	**443.575**	**(454.814)**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 21 are an integral part of the statement of changes in equity at 31 December 2013.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Thousands of euros)

B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR 2012 AND 2011

	Share capital	Share premium	Revaluation reserve	Legal reserve	Reserve for redenomination of capital in euros	Voluntary reserves	Losses from previus year	Reserves for treasury shares	Treasury shares	Profit for the year	Grants, donations and bequests received	Total
BEGINNING BALANCE AT 31 DECEMBER 2011 (*)	**42.039**	**155.279**	**461**	**8.354**	**1**	**306.868**	**-**	**27.541**	**(27.541)**	**57.685**	**2**	**570.689**
Total income and expense recognised	-		-	-	-	-	-	-	-	(454.812)	(2)	**(454.814)**
Other changes in equity:												
- Distribution of 2011 profit:												
Voluntary reserves	-	-	-	54	-	55.949	-	-	-	(56.003)	-	**-**
Dividend out of profit	-		-	-	-	-	-	-	-	(1.682)	-	**(1.682)**
- Scrip dividend and bonus issue (Note 12.a)	1.121	(660)	(461)	-	-	(1.273)	-	-	-	-	-	**(1.273)**
- Treasury share transactions (Note 12.c)	-	-	-	-	-	13	-	(19.072)	19.072	-	-	**13**
- Incentive plan (Note 12.d)	-	-	-	-	-	2.050	-	(1.312)	1.312	-	-	**2.050**
ENDING BALANCE AT 31 DECEMBER 2012	**43.160**	**154.619**		**8.408**	**1**	**363.607**		**7.157**	**(7.157)**	**(454.812)**		**114.983**
Total income and expense recognised	-	-	-	-	-	-		-	-	443.575	-	**443.575**
Other changes in equity:												-
- Distribution of 2012 profit:												-
Other reserves	-	-	-	-	-	-	(454.812)	-	-	454.812	-	-
Dividend from 2012 profit	-	-	-	-	-	-	-	-	-	-	-	-
- Scrip dividend and bonus issue (Note 12.a)	-	-	-	-	-	-	-	-	-	-	-	-
- Treasury share transactions (Note 12.c)	-	-	-	-	-	150	-	14.183	(14.183)	-	-	**150**
- Incentive plan (Note 12.d)	-	-	-	-	-	1.899	-	-	-	-	-	**1.899**
- Others	-	-	-	-	-	(62)	-	-	-	-	-	**(62)**
ENDING BALANCE AT 31 DECEMBER 2012	**43.160**	**154.619**	-	**8.408**	**1**	**365.594**	**(454.812)**	**21.340**	**(21.340)**	**443.575**	-	**560.545**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the statement of changes in equity at 31 December 2012.

STATEMENTS OF CASH FLOWS FOR 2013 AND 2012

(Thousands of euros)

	Notes	2.013	2.012
CASH FLOW FROM OPERATING ACTIVITIES (I)		**435.195**	**(3.500)**
Profit for the year before tax		443.991	(465.505)
Adjustments for:			
- Depreciation and amortization	**Notes 6 and 7**	1.060	1.037
- Impairment losses	**Note 9**	4.898	440.687
- Changes in provisions (incentive plans)	**Note 12**	3.295	773
- Imputación de subvenciones		-	(2)
- Income from loans granted to Group companies and associates	**Note 19**	(6.175)	(7.494)
- Income from marketable securities and other third party financial instruments	**Note 9**	(61)	(1.723)
- Financial expenses	**Note 14 and 19**	1.112	582
- Exchange differences		642	302
Changes in working capital			
- Trade and other receivables		(7.221)	(2.211)
- Other current assets		-	(260)
- Other payables		(4.394)	30.271
- Prepaid expenses		(1.339)	
Other cash flows from operating activities			
- Interests paid	**Note 14**	(613)	(257)
- Interests received		-	300
- Dividends (not received)		-	-
- Dividends received during the year		-	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(453.982)**	**(1.004)**
OPERATING PROFIT/(LOSS)			
Payments due to investments			
- Group companies and associates	**Note 9**	(453.817)	(900)
- Investments in intangible assets and property, plant and equipment	**Notes 6 and 7**	(165)	(602)
Charges for divestments			
- Other investments in non-current financial assets			498
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**18.664**	**4.152**
Receipts and paymentos for equity instruments			
- Purchase of treasury shares	**Note 12**	150	13
Receipts and payments for financial liability instruments			
- Issuing/(repayment) of bank borrowings and other financial liabilities	**Notes 14 and 15**	18.655	3.807
- Issuing of borrowings from Group companies and associates	**Note 19**	(141)	3.287
Dividends and returns on other equity instruments paid			
- Dividends			(2.955)
IMPACT OF CHANGES IN EXCHANGE RATE (IV)		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(123)**	**(352)**
Cash and cash equivalents at beginning of the year		**1.182**	**1.534**
Cash and cash equivalents at year end		**1.059**	**1.182**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 21 are an integral part of the statement of cash flows at 31 December 2013.

Gamesa Corporación Tecnológica, S.A.

Notes to the annual accounts for the year ended 31 December 2013

1. Activities and corporate purpose

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

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

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

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

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

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

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

The Company is the parent of a group of subsidiaries and in accordance with current legislation it is required to prepare separate consolidated financial statements. The consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and subsidiaries (hereinafter “GAMESA Group”) for 2013 have been prepared by the Directors at a Board of Directors meeting held on 26 February 2014. The consolidated financial statements for 2012 were approved by the shareholders at the Annual General Meeting of GAMESA held on 19 April 2013 and were filed at the Vizcaya Mercantile Registry.

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

- Wind Turbines (*)
- Operations and maintenance

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

Within the context of the complex environment currently affecting the world economy in general, and the wind energy industry in particular, which leads to expectations of lower growth, during the second half of 2012 and after the change in the maximum levels of responsibility at GAMESA, the decision was taken to start the preparation of a new Business Plan for the period 2013-2015 and it was finally published on 25 October 2012. Among other things, the aforementioned business plan included the following measures, whose effects on the consolidated annual accounts for the group led by the Company at 31 December 2013 and 2012 is summarised as follows:

- Rationalization of fixed expenses. Lower fixed expense structure by reducing payroll which allows for a structural size that is in line with the market situation and eliminate inefficiencies, as well as the closing of offices and service centres.

- Adaptation of the currently oversized production capacity to projected demand, at least in the short and medium term, and to the new platforms and the new product range, in line with existing and projected demand in the market.

- Development of the “Make/Buy” strategy applied to all components as a basis for the industrial proposal through which the external supply of capital intensive components (such as the blades) will accelerate.

- Strategy of new manufacturing processes, among which the process of manufacturing blades through fibreglass injection is notable.

- Product strategy, consisting of two basic platforms, to address the evolution of the 2 MW to 2.5MW and the 4.5MW to the 5MW platforms. The latter has common elements for "on-shore" and "off-shore" platforms.

- New model to reduce inventories of work in progress and finished products and the optimisation of inventories of raw materials, as well as the inventory associated with Operations and Maintenance as a result, among other things, of the change in the mix of sales towards higher added value services. There will be a definitive reduction in working capital that will make it possible to strengthen the balance sheet.

- Discontinuation of the development and sale of wind energy plants in the United States due to the regulatory uncertainty and volatility in that country, within the framework of the new strategic orientation of the Energy business model that gives rise to a focus on key markets and sales channels that do not consume financing.

- Maximum utilization of the supply and manufacturing chains in Spain and China, with a continuous focus on improving competitiveness in both operations and the assembly of nacelles in all key regions.

The objectives and action plans deriving from the above considerations had an impact in 2012 on certain Group assets forming part of property, plant and equipment, intangible assets, investments in group companies and other items.

In addition, although not directly linked to the New Business Plan, in 2013 and 2012 there were regulatory changes (i.e. Spain) that have had an impact on the Group's assets and on the evolution of projects, which have been determined and quantified and resulted in the need for a series of provisions for guarantees and other risks, fundamentally at the end of 2012.

As a result of the effects of the aforementioned Business Plan on the Group's activities, in 2012 it recorded the impairment of certain assets and provisions of differing natures that gave rise to a significant reduction in the equity of some subsidiaries, especially Gamesa Technology Corporation (Notes 9 y 13). Therefore, the results of Gamesa Corporación Tecnológica, S.A. in 2012 must be taken within the described context.

In 2013 he performance and the evolution of the business have been as projected in the business plan 2013-2015, which has allowed the fundamental estimates made last year to be maintained.

Information on the environment-

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

2. Basis of presentation of the annual accounts

a) Financial reporting legislation applicable to the Company-

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

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

b) True and fair view-

The accompanying annual accounts have been prepared on the basis of the Company’s accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company’s net worth, its financial situation, the results of its operations and cash flows for the year. These annual accounts, which have been prepared by the Directors of the Company, will be submitted for the approval of the General Meeting and it is expected that they will be approved without any modification being made. The financial statements for 2012 were approved by the Company's shareholders at a General meeting held on 19 April 2013.

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

c) Non-mandatory accounting principles applied

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

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

d) Critical aspects of the valuation and estimation of uncertainty

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

- Calculation of provisions. At each the end of each reporting period company management estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Company considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial (Note 13).

- The evaluation of possible impairment losses affecting certain assets such as receivables and interests in group companies and associates (Note 9).

- Useful lives of property, plant and equipment and intangible assets. Company management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively (Notes 6 and 7).

- Company management has made a series of assumptions to calculate liabilities for commitments to employees.

- Corporate income tax and deferred tax assets: The status of tax regulations applicable to the Company entails the need for estimated calculations and a final quantification of the uncertain tax. The calculation of the tax is carried out based on Company management's best estimates in accordance with the current tax situation and bearing in mind the foreseeable evolution of tax legislation.

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

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

- Contingent liabilities: The Company's management considers that there are no significant contingent liabilities at 31 December 2013 and 2012.

Despite the fact that these estimates have been made based on the best information available at the end of 2013, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

e) Groupings of items-

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

f) Error correction-

When preparing the accompanying financial statements the Group did not detect any significant error that could have given rise to the restatement of the amounts included in the 2012 annual accounts.

3. Application of results

The distribution of the net profit for 2013 that the Board of Directors of GAMESA will propose for approval by the shareholders at the Annual General Meeting is as follows and the approved proposal for 2012 are as follows:

	Thousand euro	
	2013	**2012**
Basis of distribution:		
Profit for the year	443,575	(454,812)
	443,575	**(454,812)**
Distribution:		
Prior year results	443,351	(454,812)
Legal reserve	224	-
Voluntary reserves	-	-
Dividends	-	-
Total	**443,575**	**(454,812)**

4. Accounting policies and measurement bases

The main accounting and measurement policies followed by GAMESA during the preparation of the 2013 and 2012 financial statements, in accordance with those stipulated in the Spanish General Accounting Plan, are as follows:

a) Intangible assets-

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

- Computer software:

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

b) Asset impairment-

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

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

Recoverable values are calculated for each cash generating unit, although in the case of property, plant and equipment impairment is determined on an individual case-by-case basis, where possible.

The Directors prepare an annual business plan for the cash generating unit by market and by activity, generally covering a five-year period. The main components of that plan are:

- Projected results
- Projected investments and working capital

Other variables that influence the recoverable value calculation are:

- Discount rate to be applied, which is understood to be the average weighted cost of capital and the main variables that influence its calculation is the cost of liabilities and the specific of risks affecting the assets. The discount rates taken into consideration by the Company ranged between 9% and 10% (between 10% and 11% in 2012).
- The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections. The Company uses growth rates ranging between 0 and 1%, depending on the specific asset concerned.

Projections are prepared based on past experience and in accordance with the best estimates available, which are consistent with the information originating from outside the Company.

The business plans prepared in this manner are reviewed and finally approved by the management of GAMESA.

In the event an impairment loss must be recognized as affecting a cash generating unit to which goodwill has been fully or partially attributed, the book value of the goodwill relating to each unit is reduced first. If the impairment exceeds the amount of the goodwill, the company will then proportionally reduce the book value of all other assets in the cash generating unit, up to the limit of the higher of the following values: fair value less cost of sales, value-in-use and zero.

When an impairment loss subsequently reverses (which is not permitted in the specific case of goodwill), the carrying value for the asset or the cash generating unit is increased to the revised estimate of the recoverable amount, but the increased carrying value cannot exceed the carrying value that would have been recorded if no impairment loss had been recorded for the asset in prior years. Such a reversal of an impairment loss is recognized as revenue.

c) Property, plant and equipment-

Property, plant and equipment is initially recognized at acquisition or production cost (Note 7) and subsequently reduced by accumulated depreciation and any impairment losses, in accordance with the policy mentioned under Note 4.b.

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

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

	Estimated useful lives
Other equipment and furnishings	6 – 10
Tooling	3 – 4
Other property, plant and equipment	3 – 5

At 31 December 2013 and 2012 the Company does not record any land, buildings and other structures held for leasing or to obtain a capital gain as a result of future increases in market prices.

d) Leases-

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

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

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

e) Financial instruments-

Financial assets

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

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

   Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument’s carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

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

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

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

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

GAMESA has majority stakes in the capital of certain companies and has shareholdings that are equal to or exceed 20% of the share capital in others (Appendix). These financial statements do not reflect the effect of applying consolidation or equity method criteria, as appropriate. As a company those shares are listed on a stock market, GAMESA has presented its consolidated financial statements for 2013 and 2012 in accordance with International Financial Reporting Standards. Note 9 indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these financial statements.

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

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

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

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

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

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

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

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

Financial liabilities

Borrowings and payables

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

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

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

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

f) Transactions and balances denominated in currency other than the euro-

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

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

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

g) Corporate income tax-

Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to corporation tax legislation have filed income tax returns under the special consolidated tax regime. Since 2010, as a result of the change of the Company's registered office (see Note 1), the application of this regime to the companies concerned has been governed by Vizcaya Corporation Tax Regulation 3/1996, of 26 July and Regional Law 1/2012 of 29 February which approves transitional measures for 2012 and 2013 and other tax measures. GAMESA therefore applies the criteria established by the ICAC Resolution dated 9 October 1997 when recognising the accounting effects of that tax consolidation (Note 16).

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

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

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

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

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

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

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

h) Income and expense-

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

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

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

i) Severance indemnities-

In accordance with current, GAMESA is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company. Severance indemnities which can be reasonably quantified are expensed in the year in which the related decision is taken and reported. During 2013, and as a result of the restructuring deriving from the Group's new Business Plan 2013-2015. €1,093 thousand was recognised for severance payments (2012: €7,180 thousand) (Note 1).

In the annual accounts for the year ended 31 December 2013 and 2012 and there is no provision whatsoever for this item, since all of the situations reported during the year have been settled at the year-end.

j) Environmental assets-

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

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

k) Equity instruments and share-based payments-

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

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid in exchange, directly as a reduction in equity. The results deriving from the purchase, sale, issue or amortisation of treasury shares are recognised directly in equity and in no case is any gain or loss recognised in the income statement (Note 12.c).

GAMESA recognises the assets and services received as a result of share-based payments as an asset or expense, based on their nature, at the time they were obtained and the relevant increase in equity of the transaction is settled using equity instruments or a liability if the transaction is settled at an amount based on the value of equity instruments (Note 12.d).

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

In the cases in which GAMESA grants treasury shares to subsidiaries to make payment of these instruments to employees, the fair value balancing entry for the equity instruments delivered is considered to be an increase in the value of the investment that GAMESA has in the subsidiary, unless it is not likely that profits or financial yields will not be obtained, in which case it would be an expense (Note 9 and 12.d).

l) Provisions and contingencies-

When preparing the annual accounts, the Company's Directors make a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations (Note 13).

b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the consolidated entities (Note 13).

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

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

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

m) Transactions and balances with related-parties

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

However, in transactions involving a merger, spin-off or non-monetary contribution of a business the elements making up the acquired business are measured at their value after the transaction in the consolidated annual accounts for the Group or the subgroup.
When the parent company of the group or subgroup and its subsidiary are not involved, the annual accounts to be taken into account for these purposes will be those of the larger group or subgroup into which the equity items are incorporated and whose parent company is Spanish.

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

n) Cash and other cash equivalents

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

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

ñ) Equity

Share capital consists of ordinary shares.

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

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

o) Estimation of fair value

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

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

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

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

5. Information on the nature and level of risk of financial instruments

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

a) Market risk (exchange rate)-

This risk arises as a result of the international transactions carried out by the GAMESA Group in the ordinary course of its business. Part of its revenues and its expenses are denominated in US dollars, Indian rupees, and Chinese yaun and, starting in 2013 a significant amount is denominated in Brazilian reals and, to a lesser extent, other currencies apart from the euro. Therefore, to the extent that GAMESA does not use financial instruments or other hedging strategies to hedge its net exposure to current and future foreign currency risk, its earnings could be affected by fluctuations in the corresponding exchange rates.

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

The GAMESA Group analyses foreign currency risk on the basis of its firm order book 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 usually three years, 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 approximately 80% of projected cash flows (mainly exports and purchases of inventory) in each principal currency in the following 12 months.

The breakdown of the main foreign currency balances at 31 December 2013 and 2012 is as follows:

Currency	Equivalent value in thousand euro			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Pound sterling	106	111	-	205
US dollar	3,817	25	14,044	312
Other currencies	5	12	-	26
Total	**3,928**	**148**	**14,044**	**543**

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

Nature of the balances	Equivalent value in thousand euro			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Receivables	3,645	-	13,495	-
Cash and other liquid assets cash equivalents	283	-	549	-
Payables and other	-	148	-	543
Total	**3,928**	**148**	**14,044**	**543**

b) Interest rate risk-

A characteristic common to all the GAMESA Group's activities is the need to make a significant volume of investments that requires an adequate financing structure. Accordingly, the GAMESA Group uses external financing to carry on certain of its operations and, therefore, it is exposed to the risk of an increase in interest rates.

The loans issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by the cash maintained at variable rates. Fixed interest rate loans expose the Group to fair value interest rate risks. The Group's policy is to maintain 100% of its financing at variable rates and to obtain interest rate hedges for approximately 50% of the nominal amount of its main sources of long-term financing.

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.

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

c) Liquidity risk-

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

d) Credit risk-

The GAMESA Group is exposed to credit risk to the extent that a counterparty or customer does not meet its contractual obligations. The Company evaluates the credit quality of customers and trade receivables, bearing in mind their financial position, past experience and other factors. A substantial part of this credit risk relating to receivables is mitigated by sales to the Group.

6. Intangible assets

Movements in the accounts included under Intangible assets during 2013 and 2012 are as follows:

2013	Thousand euro		
	Balance at 31.12.12	Additions/ (Appropriations)	Balance at 31.12.13
COST:			
Industrial property	23	-	23
Software	2,710	147	2,857
Total cost	**2,733**	**147**	**2,880**
AMORTISATION:			
Industrial property	(23)	-	(23)
Software	(1,505)	(649)	(2,154)
Total amortisation	**(1,528)**	**(649)**	**(2,177)**
Net total	**1,205**		**703**

2012	Thousand euro		
	Balance at 31.12.11	Additions/ (Appropriations)	Balance at 31.12.12
COST:			
Industrial property	23	-	23
Software	2,306	404	2,710
Total cost	**2,329**	**404**	**2,733**
AMORTISATION:			
Industrial property	(23)	-	(23)
Software	(905)	(600)	(1,505)
Total amortisation	**(928)**	**(600)**	**(1,528)**
Net total	**1,401**		**1,205**

At 31 December 2013 and 2012 the Company recorded fully amortised intangible assets that continued to be used, as follows (thousand euro):

Description	Carrying value (gross)	
	2013	2012
Industrial property	23	23
Software	565	550
Total fully amortised assets	**588**	**573**

7. Property, plant and equipment

Movements in the accounts included under Property, plant and equipment during 2013 and 2012 are as follows:

2013	Thousand euro		
	Balance at 31.12.12	Additions/ (Appropriations)	Balance at 31.12.13
COST:			
Other installations, tooling and fixtures	2,193	-	2,193
Other property, plant and equipment	1,309	18	1,327
Total cost	**3,502**	**18**	**3,520**
DEPRECIATION:			
Other installations, tooling and fixtures	(1,562)	(256)	(1,818)
Other property, plant and equipment	(1,065)	(155)	(1,220)
Total depreciation	**(2,627)**	**(411)**	**(3,038)**
Net total	**875**		**482**

2012	Thousand euro		
	Balance at 31.12.11	Additions/ (Appropriations)	Balance at 31.12.12
COST:			
Other installations, tooling and fixtures	2,048	145	2,193
Other property, plant and equipment	1,256	53	1,309
Total cost	**3,304**	**198**	**3,502**
DEPRECIATION:			
Other installations, tooling and fixtures	(1,310)	(252)	(1,562)
Other property, plant and equipment	(880)	(185)	(1,065)
Total depreciation	**(2,190)**	**(437)**	**(2,627)**
Net total	**1,114**		**875**

As is indicated in Note 12.b, GAMESA proceeded to restate the values of its property, plant and equipment in accordance with the provisions of Regional Law 4/1997 (7 February). The capital gain deriving from the restatement totalled approximately EUR 1,139 thousand and was credited to the "Revaluation reserve" under equity in the balance sheet, and the accounts for restated assets were used to apply the balancing entry for these capital gains. Most of the restated assets were contributed to the subsidiaries Cametor, S.L. (Note 9) and Gamesa Industrial Automocion, S.A. in prior years.

GAMESA's policy is to obtain insurance policies to cover all risks that could affect its property, plant and equipment. At the end of 2013 and 2012 there was no shortfall in the coverage for these risks.

At 31 December 2013 and 2012 the Company recorded fully depreciated property, plant and equipment that continued to be used, as follows (thousand euro):

Description	Carrying value (gross)	
	2013	2012
Other installations, tooling and fixtures	854	341
Other property, plant and equipment	875	829
Total fully amortised assets	**1,729**	**1,170**

The Company had no commitments to acquire property, plant and equipment at 31 December 2012 and 2013.

8. Leases

At the end of 2013 and 2012 the Company had contracted the following minimum lease instalments with several lessors, in accordance with current contracts, without taking into account the repercussion of common expenses, inflation increases or future updates of the rent agreed in the contracts.

Operating leases Minimum instalments	Thousand euro	
	Par value	
	2013	2012
Less than one year	203	211
Total	**203**	**211**

The amounts relating to operating lease instalments recognised as an expenses under "Other operating income" in the income statement for 2013 and 2012, totalled €164 thousand and €188 thousand, respectively (Note 18.c).

At 31 December 2013 and 2012 the Company maintains multiple lease agreements, mainly for vehicles, in immaterial amounts considered individually.

At 31 December 2013 and 2012 the Company held a total of €445 thousand and €442 thousand, respectively, under the heading "Long-term financial investments - Deposits and guarantees provided" (Note 9) for building lease security deposits for the premises at which GAMESA mainly carries out its business, which since 2009 have been assumed by Gamesa Innovation & Technology, S.L. Unipersonal (wholly owned by GAMESA).

9. Non-current financial instruments

The balance under the heading "Long-term investments in group companies and associates" and Non-current financial assets" at the end of 2013 and 2012 is as follows (thousand euro):

2013

Categories \ Classes	Non-current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Shareholdings in Group companies and associates	270,431	-	270,431
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	445	445
Total	**270,544**	**445**	**270,989**

2012

Categories \ Classes	Non-current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Shareholdings in Group companies and associates	210,776	-	210,776
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	442	442
Total	**210,889**	**442**	**211,331**

Movement during 2013 in "Non-current investments in group companies and associates" and "Non-current financial investments" is as follows (thousand euro):

Categories	Non-current financial instruments					
	Balance at 31 December 2012	Additions	Disposals	Impairment	Transfer of provisions for liabilities and charges (Note 13)	Balance at 31.12.13
Shareholdings in Group companies and associates	210,776	454,685	(655)	(4,243)	(390,132)	270,431
Loans and receivables	-	-	-	-	-	-
Available-for-sale assets	113	-	-	-	-	113
Deposits and guarantees provided (Note 8)	442	3	-	-	-	445
Total	**211,331**	**454,688**	**(655)**	**(4,243)**	**(390,132)**	**270,989**

Shareholdings in Group companies and associates-

The most significant information relating to group companies and associates at the end of 2013 and 2012 is as follows:

2013 Company or group of companies (Notes 19 and Appendix)	% Direct interest	% Indirect interest	Carrying value Cost	 Accumulated impairment losses	Capital (1)	Rest of equity with no yield (1)	Operating results (1):	Net results (1)	Dividends collected (Note 19)
Group companies:									
Gamesa Energía, S.A. Unipersonal (**)	100%	-	163,289	-	35,491	(46,497)	(13,284)	299,001	454,514
Cametor, S.L. Unipersonal **(*)**	100%	-	4,577	-	3,902	8,120	158	266	-
Gamesa Technology Corporation, Inc. (*)	100%	-	479,931	(416,153)	24,942	302,605	(15,866)	(22,284)	
Compass Transworld Logistics, S.A. (***)	51%	-	3,562	-	6,861	109	2,750	1,290	1,030
Gamesa Venture Capital, S.C.R. de Régimen Simplificado (*)	100%	-	600	-	600	4	(1)	10	-
Gamesa Wind Turbines PTV, Lda	1%	99%	1,131	-	154,878	(54,293)	9,907	(5,078)	-
Associated companies:									
Windar Renovables, S.L. (**)	32%	-	6,104	-	9	48,286	2,641	1,908	
Worldwater & Solar Technologies Inc. (*)	25.67%	-	2,243	(2,243)	2,356	(2,117)	(5,057)	(5,057)	-
9ren España, S.L. (***)	49%		48,390	(21,000)	11,957	41,250	(11,956)	(12,391)	-
New Broadband Network Solutions, S.L. (*)	18.8%	-	2,000	(2,000)	136	719	(3,666)	(3,731)	-
									-
Total			**711,827**	**(441,396)**					

(1) This information makes reference to the individual financial statements at 31 December 2013, not consolidated, for the respective companies.
(*) Companies not legally required to audit their annual accounts.
(**) Companies audited by PwC.
(***) Audited by another audit firm

2012			Thousand euro						
			Carrying value						
Company or group of companies (Notes 19 and Appendix)	% Direct interest	% Indirect interest	Cost	Accumulated impairment losses	Capital (1)	Other equity (1)	Operating profit (1)	Net profit (1)	Dividends collected (Note 19)
Group companies:									
Gamesa Energía, S.A. Unipersonal (**)	100%	-	162,512	-	35,491	416,955	(8,985)	50,392	-
Cametor, S.L. Unipersonal **(*)**	100%	-	4,577	-	3,902	8,199	71	203	-
Gamesa Technology Corporation, Inc. (*)	100%	-	26,020	(26,020)	24,942	(415,372)	1,463	(59,650)	-
Compass Transworld Logistics, S.A. (***)	51%	-	3,564	-	6,861	2,383	1,646	723	743
Gamesa Venture Capital, S.C.R. de Régimen Simplificado	100%	-	600	-	600	4	2	4	-
Gamesa Wind Turbines PTV, Lda (**)	1%	99%	1,131	-	112,768	(54,848)	(24,358)	(29,780)	-
Associated companies:									
Windar Renovables, S.L. (**)	32%	-	6,104	-	9	52,085	2,914	2,949	-
Worldwater & Solar Technologies Inc. (*)	25.67%	-	2,243	-	2,356	(2,304)	619	(619)	-
9ren España, S.L. (***)	49%		48,390	(21,000)	11,957	47,769	(416)	(2,690)	-
New Broadband Network Solutions, S.L. (*)	18.8%	-	2,000	-	136	1,995	(318)	(310)	-
Skybuilt Power Inc. **(*)**	28.75%	-	4,303	(3,648)	2	774	(748)	(760)	-
Total			**261,444**	**(50,668)**					

(1) This information makes reference to the individual financial statements at 31 December 2012, not consolidated, for the respective companies.
(*) Companies not legally required to audit their annual accounts.
(**) Companies audited by PwC.
(***) Audited by another audit firm

Changes in the cost of the shareholdings in 2013 and 2012 are as follows (thousand euro):

2013 Company or group of companies	Carrying value Year 2012	New acquisitions	Share capital increase and Shareholder contributions	Incentive plans Note 12 d)	Impairment of shareholdings	Other movements	Year 2013
Gamesa Energía, S.A. Unipersonal	162,512	-	-	777	-	-	163,289
Gamesa Technology Corporation, Inc.	-	-	453,816	94	-	(390,132)	63,778
Gamesa Wind Turbines PTV, Lda	1,131	-	-	-	-	-	1,131
Compass Transworld Logistics, S.A.	3,564	-	-	(2)	-	-	3,562
Skybuilt Power Inc	655	-	-	-	-	(655)	-
9ren España, S.L.	27,390	-	-	-	-	-	27,390
Other	15,524	-	-	-	(4,243)	-	11,281
Total	**210,776**	**-**	**453,816**	**869**	**(4,243)**	**(390,787)**	**270,431**

2012 Company or group of companies	Carrying value Year 2011	New acquisitions	Share capital increases	Incentive plans Note 12 d)	Impairment of shareholdings	Other movements	Year 2012
Gamesa Energía, S.A. Unipersonal	161,291	-	-	1,156	-	65	162,512
Gamesa Technology Corporation, Inc.	25,907	-	-	113	(26,020)	--	-
Gamesa Nuevos Desarrollos, S.A. Unipersonal	2	-	-	-	-	(2)	-
Gamesa Wind Turbines PTV, Lda	828	-	300	1	-	2	1,131
Compass Transworld Logistics, S.A.	3,561	-	-	7	-	(4)	3,564
Skybuilt Power Inc	4,303	-	-	-	(3,648)	-	655
9ren España, S.L.	-	48,390	-	-	(21,000)	-	27,390
Other	14,924	600	-	-	-	-	15,524
Total	**210,816**	**48,990**	**300**	**1,277**	**(50,668)**	**61**	**210,776**

The most significant changes in 2013 were as follows:

- At 31 December 2012, Gamesa Technology Corporation, Inc. presented negative equity totalling €390 million. Due to the uncertainty and regulatory volatility in the USA, the best evidence of the recoverable value of the investment is the theoretical book value of the shareholding and therefore the Company has recorded impairment for the full cost of the shareholding totalling €26 million, and a non-current provision for the negative equity accumulated by the investee company (EUR 390 million). In order to restore the US company´s financial position, in 2013 the Company increased share capital on 15 November 2013 and 13 December 2013 by the amount of

€270million and 184 million, respectively. As a result of the above, the subsidiary's equity is now €62 million. Given that at 31 December 2013 there continues to be regulatory uncertainty and volatility the consideration continues to be that the best evidence of the recoverable value of the investment is its theoretical carrying value. No significant difference arose during this analysis between the theoretical carrying value and the cost of the interest at 31 December 2013. After the share capital increase, the impairment provision recorded as a provision for liabilities and charges at 31 December 2012 was reclassified to the heading investments in group companies and associates.

- The company Skybuilt Power, Inc. was liquidated on 13 August 2013, which resulted in a €655 thousand loss that was recorded under the heading "Impairment and results on the disposal of financial instruments" in the accompanying income statement, and there were no further liabilities for the Company.

- 9ren España, S.L. became a Company investee as a result of the share capital increase due to the offset of the loan granted to Toler Inversiones 2007, S.L. (currently called 9ren España, S.L.). In the context of this loan capitalisation transaction, in June 2012 GAMESA Group recognised the equity instruments received at the fair value of the compensation paid, totalling €48 million. The measurement of this shareholding was supported by a report issued by an independent expert on 30 June 2012. This measurement was based on cash flow projections that represented Management's best estimates over 4 years and a residual value, taking into account a 1% growth rate. In order to calculate the recoverable value, discount rates based on the weighted average cost of capital (WACC) were used, including the value of money over time and the risks associated with this asset. After the acquisition of the shareholding, on 31 December 2012 additional impairment in the value of the shareholding was identified, due to the update of the investee company's business plan, which considered a fall in the estimated activity in Italy and in Spain mainly due to the new legislation applicable to the photovoltaic sector which entered into force after GAMESA Group's entry into the company's share capital and which led the Company to redirect its activities in both countries. Impairment estimated based on the above premises, considering the Company's shareholding, totalled €21 million. The Company generated losses totalling €6million during the year and GAMESA has updated the analysis of the recoverable value. That recoverable value has been estimated based on projected cash flows over the coming years, bearing in mind the new updated business plan and a time horizon of 5 years, annual growth of 1% and the discount rate based on the weighted average cost of capital - WACC - which is between 9% and 10%. From a business standpoint, the following key assumptions were made in 2013:

  i. Growth in the MW maintained in the photovoltaic sector over the coming years attaining a target level of 840 MW in 2018, fundamentally due to the increase in demand, particularly in the Spanish and Italian markets, as well as the expansion in the wind energy plant maintenance market starting in 2015.
  ii. Increase in the EBIT margin, attaining a target level of 10%, approximately, in 2018. This is fundamentally due to the improvement in variable costs.

  As a result of this estimate, there is no significant difference between the recoverable value of the investment and its carrying value at 31 December 2013.

  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 maintained in coming years.
  - 5% increase in the MW maintained in coming years.
  - 1% decrease in average revenues per MW.

- 1% increase in average revenues per MW.

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

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 additional impairment.

- Furthermore, the company detected indications of impairment of the shares in New Broadband Network Solutions, S.L. and Worlwater & Solar Technlogies Inc, due to the fact that business expectations are not being met. For this reason, the Company has considered the best evidence of the recoverable value of the investments to be their theoretical carrying value and has recorded a provision for the entire cost of the investment. The recognition of an additional provision for negative equity is not applicable since the Company does not have any additional commitments concerning the liabilities relating to those shares.

- There has been no indication of impairment relating to any other shareholding.

Other significant changes during 2012 were as follows:

- The Company Gamesa Wind Turbines, PTV Lda, increased capital by €3 million, in which Gamesa Corporación Tecnológica, S.A. directly subscribed €300 thousand and the rest through another Group subsidiary.

- There has been no indication of impairment relating to any other shareholding.

The Appendix shows the list of subsidiaries, multigroup companies and associates that are involved with the consolidation of GAMESA Group together with relevant information.

None of the subsidiaries, multigroup companies and associates of GAMESA are listed on organised markets.

Maturities-

The breakdown by maturity of the items making up "Long-term financial investments" at 31 December 2013 is as follows (thousand euro):

2013	2014	2015	2016	2017 and Subsequent years	Total
Deposits and guarantees provided	-	-	-	445	445
Total	**-**	**-**	**-**	**445**	**445**

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

Effect of non-consolidation-

GAMESA's financial statements are presented in compliance with current mercantile legislation. However, the management of GAMESA and Group companies is carried out on a consolidation basis. As a result, GAMESA's financial statements do not reflect the financial-equity changes that result from applying consolidation criteria to those shares or the transactions carried out by them, some of which derive from the Group's global strategy. These changes are reflected in the consolidated financial statements for GAMESA Group in 2013.

The main figures in GAMESA's consolidated accounts for 2013 and 2012, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

	Thousand euro	
	2013	2012
Total assets	4,759,377	5,114,284
Equity	1,017,658	1,028,675
Parent Company	1,012,734	1,020,783
Minority shareholders	4,924	7,892
Net revenues from continued operations	2,335,618	2,664,841
Result for the year	46,237	(659,299)
Parent Company	45,033	(659,440)
Minority shareholders	1,204	141

10. Short-term financial instruments

The breakdown of current financial instruments at 31 December 2013 and 2012 is as follows (thousand euro)

2013

Categories / Classes	Current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Loans and receivables			
- Trade receivables for sales and services rendered	-	26	26
- Group trade receivables (Note 19)	-	39,106	39,106
- Trade receivables	-	97	97
- Loans to group companies (Note 19)	-	342,764	342,764
- Current financial investments	-	1,717	1,717
Total		**383,710**	**383,710**

2012

Categories \ Classes	Current financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Loans and receivables			
- Trade receivables for sales and services rendered		26	26
- Group trade receivables (Note 19)	-	30,443	30,443
- Trade receivables	-	97	97
- Loans to group companies (Note 19)	-	328,028	328,028
- Current financial investments	-	1,655	1,655
Total	-	**360,249**	**360,249**

11 Cash and other cash equivalents

The breakdown of "Cash and Cash Equivalents" in the accompanying balance sheet at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	2012
Cash	1,059	1,182
Liquid assets maturing in less than three months	-	-
Total	**1,059**	**1,182**

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

12. Equity and Capital and reserves

a) Share capital-

On 29 June 2012, the shareholders at the Annual General Meeting of Gamesa Corporación Tecnológica, S.A. resolved to increase capital through a bonus issue of ordinary shares to be allocated to the Company's shareholders with a charge to unrestricted reserves for a maximum reference market value of €11,250 thousand and issuing ordinary shares to the Company's shareholders. The aforementioned capital increase was approved by the shareholders at the Annual General Meeting of GAMESA in order to implement, for the second consecutive year, a system for remunerating the shareholders called “Gamesa Dividendo Flexible”. With this new system GAMESA endeavoured to:

(i) offer its shareholders a new alternative that would allow them to decide whether they would prefer to receive all or a portion of their remuneration in cash or in the Company’s new bonus shares;

(ii) allow those shareholders who so desire to benefit from the favourable tax treatment applicable to bonus issues, without limiting in any way the possibility of receiving the amount of the remuneration corresponding to them in cash; and

(iii) improve its dividend policy and bring it into line with the latest transactions carried out by other Spanish and international companies.

Depending on the alternative chosen, each of GAMESA’s shareholders received either new bonus shares of the Company, or a cash amount as a result of selling the rights assigned at no charge either to GAMESA or in the market.

The bonus issue would be performed free of charges and fees for the subscribers with regard to the allocation of the new shares issued. GAMESA assumed the issue, subscription and admission to listing expenses in addition to any other bonus issue costs.

After the period established to apply for remuneration and the negotiation of rights, on 27 July 2012 GAMESA issued a total of 6,590,733 shares, representing an increase of €1,120,424.61 in the previous share capital with a charge to “Revaluation reserves" and "Share premium" under equity. Also, for the remaining shareholders who opted to receive a cash amount as a result of the sale of the rights to GAMESA, the amount paid was €1,273 thousand (€0.043 per right) with a charge to “Reserves-other reserves" in Equity. At 31 December 2013 and 2012 no amount remained outstanding in this respect. As a result of the aforementioned share capital increase, GAMESA was assigned 97,967 shares free of charge - Note 12.c.

In 2013 there has been no movement in share capital and therefore the share capital of Gamesa Corporación Tecnológica, S.A. at 31 December 2013 and 2012 totals €43,160 thousand, consisting of 253,880,717 ordinary shares with a par value of €0.17 each, represented by book entries and fully subscribed and paid in.

Per public information in the possession of GAMESA, the shareholder structure of GAMESA at 31 December 2013 and 2012 was as follows:

	% ownership 2013	% ownership 2012
Iberdrola, S.A.	19.69%	19.69%
Blackrock Inc.	4.83%	4.83%
Norges Bank	3.30%	-
Dimensional Fund Advisors LP	2.94%	2.94%
Other (*)	69.24%	72.54%
Total	**100.00%**	**100.00%**

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

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

GAMESA's shares have been listed on the Spanish continuous market since 31 October 2000 and are included in the IBEX 35. Since 31 October 2000, GAMESA’s shares have been listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and have been traded on the Spanish Stock Market Interconnection System.

b) Reserves-

Revaluation reserve Regional Law 4/1997 (see Note 7)

The “Revaluation Reserve” account reflects the net effect of the asset revaluation approved by Regional Law 4/1997, of 7 February, of which GAMESA availed itself. Since the stipulated period for the verification of this reserve has elapsed, it can be used to offset losses, increase capital or set up restricted reserves. In 2012 the Company used €461 thousand to increase share capital, pursuant to the resolution adopted by the shareholders at the Annual General Meeting held on 29 June 2012, as described in Note 12.a.

Share premium-

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

Legal reserve-

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

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Except for the aforementioned purpose, until it exceeds 20% of the share capital, this reserve may be used only to set off losses and this may only be done if other available reserves are insufficient for this purpose. At the end of 2013 and 2012 this reserve had not reached the stipulated level.

c) Treasury shares-

The detail of the total number of treasury shares and of the heading “Equity - Of the Parent - Treasury Shares”, and of the changes therein as a result of the transactions performed in 2013 and 2012, is as follows:

	Number of shares	Thousand euro
Balance at 1 January 2012	**3,234,426**	**(27,541)**
Acquisitions	6,779,400	(11,162)
Allocation of flexible dividend (Note 18.a)	97,967	-
Disposals	(6,788,498)	30,234
GAMESA's Stock plan for employees	(225,087)	1,312
Balance at 31 December 2012	**3,098,208**	**(7,157)**
Acquisitions	32,082,172	(136,564)
Disposals	(32,108,793)	122,381
Balance at 31 December 2013	**3,071,587**	**(21,340)**

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 2013 or 2012.

Gamesa obtained a new swap and forward arrangement from a financial institution, with an acquisition commitment at maturity (7 June 2013) for 1,222,748 shares. The acquisition price was set at EUR 6.375 per share. As regards this transaction, on 4 June 2012 the termination of the transaction was agreed through a cash settlement of the 1,233,023 outstanding shares, for a total of €7,795 thousand. Simultaneously, Gamesa obtained a new swap and forward arrangement from a financial institution, with an acquisition commitment at maturity (7 June 2013) of 1,233,023 shares. On 7 June 2013 the termination of the transaction was agreed through a cash settlement of the 1,233,023 outstanding shares, for a total of €1,816 thousand. The "Swap" and "Forward" contract was not renewed and therefore at 31 December 2013 the Company does not maintain any amount whatsoever in treasury shares relating to this contract (2012: €1816 thousand).

In addition, in 2012 GAMESA handed over 225,087 treasury shares at an average price of €5.83 as a result of GAMESA's employee stock plan. In 2013 no delivery in this respect was made.

On 30 October 2012 Gamesa Corporación Tecnológica, S.A. concluded a liquidity agreement with Santander Investment Bolsa, which was reported on 31 October 2012.

Within the framework of the aforementioned contract, in 2013 GAMESA acquired 32,082,172 treasury shares at an average price of €4.26 and sold 32,108,793 treasury shares at an average price of €3.81. The write-off of treasury shares gave rise to a profit totalling €14,333 thousand, charging the heading "Company equity - Reserves - Voluntary reserves" in the balance sheet.

In addition, in 2012 GAMESA acquired 5,546,377 treasury shares at an average price of EUR 1.69 and sold EUR 5,555,475 treasury shares at an average price of EUR 1.68. The write-off of treasury shares gave rise to a loss totalling €19,056 thousand, charging the heading "Company equity - Reserves - Voluntary reserves" in the balance sheet.

d) Incentive plans-

<u>2011-2013 Incentive Plan</u>

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

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

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

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

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

Achieved their personal targets.

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

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

The risk-free rate is 0.79%

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

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

In 2013, GAMESA recognised the early termination of this long-term incentive programme as an acceleration of the consolidation (irrevocable) of the concession and therefore immediately recognised the amount that otherwise would have been recognised for the services received over the course of the consolidation period (irrevocable) for the remaining concession, which has given rise to a charge totalling €325 thousand under "Personnel expenses" in the income statement for 2013 (2012: €746 thousand) credited to “Reserves – Other reserves” under equity at 31 December 2013.

The total accumulated cost of this incentive plan, charged against "Personnel expenses" in the consolidated income statements for the period 2011-2013 was approximately €1.96 million. The total effective cost (understood to be the fair value or real cost at the time of settlement), obtained by reference to the listed price of the equity instruments to be delivered to the beneficiaries at the settlement date totalled approximately €513 thousand, and it was finally disbursed in full in cash.

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

GAMESA's Stock plan for employees:

On 23 March 2011 the Board of Directors of Gamesa Corporación Tecnológica, S.A. approved the launch of a stock plan for Gamesa Corporación Tecnológica, S.A. employees around the world (including senior management and other executives).

Through the plan the Company offered its employees the possibility of acquiring shares in Gamesa Corporación Tecnológica, S.A. with the company's commitment that it will provide one share in Gamesa Corporación Tecnológica, S.A. free of charge for each two shares acquired by the employee, provided that certain requirements are met, which were fundamentally the following:

- The beneficiary has held the shares acquired under this plan for one year (until May 2012) and

- The beneficiary continues to work for the Group during this period.

The contribution that each beneficiary has made to the Plan was at least EUR 300 and no more than EUR 1,200. The total amount contributed by employees under this plan was EUR 3,305 thousand. GAMESA has valued this plan using the futures valuation method.

In 2012 GAMESA recorded the rendering of services by beneficiaries as a personnel expense on an accruals basis, apportioning the fair value of the equity instruments assigned during the period the plan was in force. In 2012 this apportionment gave rise to a charge totalling €18 thousand under the heading "Personnel expenses" in the consolidated income statement for 2012 and a credit was recognised in the heading "Other reserves" under equity in the consolidated balance sheet at 31 December 2012.

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded €531 thousand under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at 31 December 2012 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries.

In accordance with the provisions of the stock incentive plan at Gamesa, on 19 June 2012 shares were given to those plan beneficiaries that met the requirements established in this respect.

2013-2015 Incentive Plan

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

The Plan cannot exceed a total of 3,000,000 shares, at maximum, and all of the shares to be delivered through the execution of the Plan will originate from the Company's own portfolio. The Plan includes an estimate of the payment of cash bonuses totalling a maximum of €18 million in the event that 100% of the targets are met. This plan is aimed at individuals who, due to their level of responsibility or their position at Gamesa, contribute decisively to the achievement of the Company's objectives. The Plan has 75 beneficiaries, 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 1 January 2013 and 31 December 2015), which gave rise to a charge totalling €1,153 thousand under "Personnel expenses" in the accompanying consolidated income statement for 2013, crediting the heading "Other reserves" under equity in the accompanying consolidated balance sheet at 31 December 2013.

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

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

In addition and with respect to the cash incentive, GAMESA has recognised the rendering of services relating to this incentive as a personnel expense on an accruals basis, crediting €2,330 thousand to the heading "Other liabilities" under non-current liabilities in the consolidated balance sheet at 31 December 2013. Eighty percent of the targets associated with this incentive are assumed to have been met.

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

13. Provisions and contingencies

The breakdown of provisions in the balance sheet at 31 December 2013 and 2012, as well as the main movements recorded during the year, is as follows:

2013

Non-current provisions	31.12.12	Transfer to investments in Group and associated companies (Note 9)	31.12.13
Provision for liabilities and charges for investments in group companies (Note 9)	390,132	(390,132)	-
Total non-current	**390,132**	**(390,132)**	**-**

Current provisions	31.12.12	Allocation/Application	31.12.13
Other current provisions	888	3	891
Total current	**888**	**3**	**891**

2012

Non-current provisions	31.12.11	Allocation/Application	31.12.12
Provision for liabilities and charges for investments in group companies (Note 9)	465	389,667	390,132
Total non-current	**465**	**389,667**	**390,132**

Current provisions	31.12.11	Allocation/Application	31.12.12
Other current provisions	1,003	(115)	888
Total current	**1,003**	**(115)**	**888**

14. Bank borrowings

At 31 December 2013 and 2012 bank borrowings were as follows:

2013	Thousand euro		
	Current	Non-current	**Total**
Credit lines	30,969	-	30,969
Interest payable	369	-	369
Total	**31,338**	-	**31,338**

2012	Thousand euro		
	Current	Non-current	**Total**
Equity Swap (Note 12.c)	1,816	-	1,816
Credit lines	9,786		9,786
Interest payable	156	-	156
Total	**11,758**	-	**11,758**

The breakdown of the total amounts drawn-down and still available at 31 December 2013 and 2012 is as follows (thousand euro):

2013	**Amount drawn-down**	**Amount still available**	**Total**
Credit lines	30,921	11,679	42,600
Total	**30,921**	**11,679**	**42,600**

2012	Amount drawn-down	Amount still available	Total
Credit lines	9,778	13,222	23,000
Total	**9,778**	**13,222**	**23,000**

The lines of credit accrue interest payable based on euribor plus a market spread.

15. Other financial liabilities

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

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

This heading also includes the provision for pending non-current compensation for personnel deriving from the Incentive Plan 2013-2015 (Note 12.d)

16. Public administrations and tax situation

Since 2002 GAMESA and some of its subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime, as follows:

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

In 2013, when the Parent was subject to Vizcaya tax legislation, GAMESA and its subsidiaries that met the requirements established in the applicable legislation, resolved to be taxed under the special consolidated VAT regime provided for in Chapter IX of Vizcaya Regulatory VAT Decree 7/1994 (9 November) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group.

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

Current payables to public institutions-

The breakdown of current taxes and Social Security payable at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	2012
Balances receivable:		
VAT refundable	16,490	17,532
Withholdings refundable and interim payments	30	126
Total	**16,520**	**17,658**
Payables:		
VAT payable	18,094	19,789
Withholdings payable	760	1,071
Social security	172	236
Sundry taxes payable	87	104
Total	**19,113**	**21,200**

Reconciliation of reported results and taxable results -

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

<u>**2013**</u>	Thousand euro
Book profit before taxes	**443,991**
Plus (less)– Permanent differences	3,731
Plus (less)– Timing differences	
Impairment provisions	(308,095)
Other Provisions	2,728
Individual tax base	**142,355**
Plus (minus)– Eliminations due to consolidated taxation	
Dividends from Gamesa Energía, S.A. Unipersonal (Note 19)	(454,514)
Individual tax base contributed to the Group	**(312,159)**

<u>**2012**</u>	Thousand euro
Book profit before taxes	**(465,505)**
Plus (less)– Permanent differences	23,904
Plus (less)– Timing differences	-
Impairment provisions	414,611
Other Provisions	-
Individual tax base	**(26,990)**
Plus (minus)– Eliminations due to consolidated taxation	
Dividends from Gamesa Energía, S.A. Unipersonal (Note 19)	-
Individual tax base contributed to the Group	**(26,990)**

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

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

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

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

	Thousand euro	
	2013	2012
Book profit before taxes	443,991	(465,505)
Impact of permanent differences	(450,783)	23,904
Tax payable at 28%	**(1,902)**	**(123,648)**
Deductions generated	(288)	-
Adjustment of interim taxes paid, tax-loss carryforwards yet to be applied and deductions applied in prior years	2,606	112,955
Total corporate income tax expense/(income)	**416**	**(10,693)**

During 2013 the subsidiaries in the tax group were attributed tax deductions and tax bases for a net total of €5,893 thousand (increase in interim taxes paid). The exist of the companies Gamesa Energy Transmission, S.A. Unipersonal and Especial Gear Transmission, S.A. Unipersonal from the tax group resulted in the transfer of €9,633 thousand for tax-loss carryforwards and deductions generated by these companies (decrease in interim taxes paid).

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

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

	Thousand euro	
	2013	2012
Current tax:		
From continuing operations	-	-
Deferred tax:		
From continuing operations	416	(10,693)
Total corporate income tax expense/(income)	**416**	**(10,693)**

Deferred tax assets recognised-

The breakdown at 31 December 2013 and 2012 and movements in this account during the year are as follows:

2013	Thousand euro			
	31.12.12	Additions	Applications	31.12.13
Deferred tax assets	1,281	5,855	-	7,136
Available tax-loss carryforwards pending application	16,042	6,029	-	22,071
Deductions capitalised by the tax group	26,065	(16,040)	-	10,025
Total deferred tax assets	**43,388**	**(4,156)**	**-**	**39,232**

2012	Thousand euro			
	31.12.11	Additions	Applications	31.12.12
Deferred tax assets	7,428	109,108	(115,255)	1,281
Available tax-loss carryforwards pending application	1,267	14,775	-	16,042
Deductions capitalised by the tax group	25,247	818	-	26,065
Total deferred tax assets	**33,942**	**124,701**	**(115,255)**	**43,388**

Tax-loss carryforwards and deductions yet to be applied by the Company may be offset in coming successive years up to the time they become statute barred in 15 years following 2013.

At 31 December 2013 the parent company has tax credits totalling €4,386 thousand yet to be applied that were generated before entering into the tax consolidation special system (2012: EUR 4,386 thousand). To the extent that these items concern tax credits generated before entering onto the tax consolidation system, they are only be applied against individual future tax bases generated by GAMESA. Given its activities, and in accordance with the prudence principle, GAMESA has not capitalised the tax effect of these tax credits, which will be recognised as a reduction in corporate income tax expense in the years in which they are effectively applied.

Due to its position as the parent of the tax group, GAMESA records the capitalised deductions pending application on 31 December 2013 under the heading "Deductions capitalised by the tax group". These items were generated by the companies in its tax group this year and in prior years and they have been capitalised because there are no reasonable doubts that they will be effectively applied in future years and are recognised in accounts payable to those companies (Note 19).

As a result of the corporate income tax expense estimates made by members of the tax group and the deductions and tax credits recognised, GAMESA, as the parent of the tax group, has recorded a reduction in the existing account payable to group companies by €3,740 thousand in 2013 (2012: reduction in the existing account payable to group companies by €4,917 thousand) (Note 19).

Recognised deferred tax liabilities-

Details of this account (no movements in 2013) in 2012 are as follows:

2012

	Thousand euro	
	31.12.12	31.12.11
Provisions reversed	-	6,985
Capital grants	-	-
Total deferred tax liabilities	-	6,985

2012	Thousand euro			
	31.12.11	Additions	Applications	31.12.12
Provisions reversed	6,985	-	(6,985)	-
Total deferred tax assets	**6,985**	**-**	**(6,985)**	**-**

Years open to inspection and tax audit action

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing. At 2013 year-end, in Spain the Group had all years since 2008 open for review for corporate income tax and all years since 2009 for the other taxes to which it is liable. The Company's Directors consider that all tax returns have been properly prepared and therefore should there be any dispute regarding the interpretation of current legislation with respect to the tax treatment of operations, any liabilities that may arise will not significantly affect the accompanying annual accounts.

17. Guarantees to third parties

On 19 December 2008, Gamesa Eólica, S.L. (Single-Shareholder Company) (an indirectly wholly-owned investee of Gamesa Corporación Tecnológica, S.A.- Note 19) entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. Gamesa Corporación Tecnológica, S.A., together with other GAMESA Group companies directly or indirectly wholly owned by the Company, are joint and several guarantors on first demand to the European Investment Bank with respect to the repayment of the principal, interest, commissions, expenses or any other items, in the event that Gamesa Eólica, S.L. (Sole-Shareholder Company) is unable to make the related repayments. At the end of 2010, Gamesa Eólica, S.L. Unipersonal had drawn down EUR 160 million. On 22 June 2011 a financial institution became the guarantor of Gamesa Eólica, S.L. Unipersonal for EUR 40 million and Gamesa Eólica, S.L. Unipersonal drew down the entire amount of the loan.

On 29 November 2012, Gamesa Eólica, S.L., UnipersonaL obtained a EUR 260,000 thousand loan from the European Investment Bank to finance innovation, research and development projects relating to the processes of improving existing wind turbines, and the development of new products. The conditions of the new loan establish its maturity date in 2019 and it accrues an interest rate referenced to the euribor rate plus a market spread. At the end of 2012, Gamesa Eólica, S.L. Unipersonal had not drawn down any amount from this loan. In April 2013 Gamesa Eólica, S.L: Unipersonal had completely drawn down the €260,000 loan.

During 2013 and 2012 the Company provided guarantees for obtaining lines of credit and surety by its US subsidiary Gamesa Technology Corporation Inc. totalling a maximum of the equivalent of €180 million and €348 million, respectively, to its Brazilian subsidiary Gamesa Eólica Brazil for an amount equivalent to €15 million and €35 million, respectively, to Gamesa Eólica, S.L. for a maximum of €150 million in 2013, to Gamesa Energía, S.A. for a maximum of the equivalent of €174.5 million and €1.5 million, respectively, to its subsidiary in India, Gamesa Wind Turbines, Pvt Ltd, for a maximum of the equivalent of €18 million and €35 million, respectively, and to its subsidiary Gamesa Wind Tianjin, Co Ltd, for a maximum of the equivalent of €17 million in 2012.

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

18. Operating income and expenses

a) Revenue -

The breakdown, by geographical segment, of revenue at 31 December 2013 and 2012 is as follows:

	%	
	2013	**2012**
Domestic	100.00%	100.00%
OECD countries	0.00%	0.00%
Other countries	0.00%	0.00%
	100.00%	100.00%

b) Other operating, accessory and other ordinary revenues

The heading “Other operating income - Accessory and other current revenues” in the accompanying 2013 income statement records €20,800 thousand (€8,518 thousand in 2012) fundamentally relates to services at market value rendered by Company management to other group companies for advisory, assistance and support services rendered to management and other departments, consisting of the monitoring of the business objectives set by the Company (Note 19).

c) Other operating expenses

The breakdown of the heading "Other operating expenses" in the income statements for 2013 and 2012 is as follows:

	Thousand euro	
	2013	2012
Leases and royalties (Note 8)	255	298
Repairs and maintenance	867	1,145
Independent professional services	6,517	10,403
Transport costs	-	-
Insurance premiums	221	138
Bank commissions	597	178
Advertising, publicity and public relations	912	3,197
Utilities	40	18
Other services	2,359	2,902
Other taxes	(25)	15
Total other operating expenses	**11,743**	**18,294**

The account "Independent professional services" mainly includes €759 thousand (€3,468 thousand in 2012) for strategic consulting, €1,688 thousand (€1,818 thousand in 2012) for legal advisory services and €2,587 thousand for external advisory services relating to new wind turbine model components (€3,337 thousand in 2012).

d) Personnel expenses-

The breakdown of the heading "Personnel expenses" in the accompanying income statements for 2013 and 2012 is as follows:

	Thousand euro	
	2013	2012
Wages and salaries:	9,375	11,956
Objective-based compensation	1,674	1,163
Incentive Plan (Note 12.d)	3,808	773
Termination benefits (Note 4.i)	1,093	6,921
Social welfare expenses	1,280	1,726
Other benefit expenses	1,926	546
Total personnel costs	**19,156**	**23,085**

The amount under "Objective based compensation" relates to the amount accruing in 2013 and 2012 to Company executives and employees based on the extent to which the objectives set in those years were met.

The following table shows the average number of employees by professional category and gender in 2011:

2013

Professional Category	Average No. of Employees		
	Male	Female	Total
Executives	31	4	**35**
Employees	23	43	**66**
Total	**54**	**47**	**101**

2012

Professional Category	Average No. of Employees		
	Male	Female	Total
Executives	35	5	**40**
Employees	29	69	**98**
Total	**64**	**74**	**138**

At 31 December 2013 the Company had 98 employees (105 at 31 December 2012), as follows:

2013

Professional Category	No. of Employees		
	Male	Female	Total
Executives	30	4	**34**
Employees	21	43	**64**
Total	**51**	**47**	**98**

2012

Professional Category	No. of Employees		
	Male	Female	Total
Executives	33	5	**38**
Employees	23	44	**67**
Total	**56**	**49**	**105**

19. Transactions and balances with related parties

The balances maintained with group companies and related parties at 31 December 2012 and 2012, and operations carried out with them during the years then ended, are summarised below:

2013	Thousand euro															
	Current receivables					Current payables										
	Receivables in respect of sundry services	Non-current loans to group companies	Loan interest	VAT refundable	Corporate income tax refundable (Note 14)	VAT payable	Corporate income tax payable	Suppliers and Payables	**Costumer advances**	Non-current loans from group companies	Loan interest	Other operating income	Net revenues	**Financial Income**	Financial expense	**Other services**
Group and associated companies																
Gamesa Technology Corporation	3.208	-	-	-	-	-	-	-	-	145	-	3.264	-	-	-	-
Gamesa Energía, S.A. Unipersonal	-	175.000	19.333	2.007	-	3.488	39.589	15.243	1.854	-	-	-	454.514	4.403	-	1
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	-	-	-	-	1.135	-	-	-	-	-	-	-	15	-
Gamesa Eólica, S.L. Unipersonal	9.996	89.067	4	-	-	-	280	1	17.254	718	-	8.261	-	1.772	-	4
SS.EE. Fonseca	-	-	-	-	-	276	77	-	-	-	-	-	-	-	-	-
Gamesa Electric, S.A. Unipersonal.	-	-	-	1.496	920	-	-	-	-	-	-	-	-	-	-	-
Gamesa Eólica de Brasil	2.847	-	-	-	-	-	-	-	-	-	-	2.847	-	-	-	-
Gamesa Wind Tianjin Co Ltd.	12.966	-	-	-	-	-	-	-	-	-	-	3.212	-	-	-	-
SS.EE Sierra de Lourenzá	-	-	-	-	-	-	737	-	-	-	-	-	-	-	-	-
SS.EE Jaralon	-	-	-	-	-	-	144	-	-	-	-	-	-	-	-	-
International Wind Farm Development II	-	-	-	-	-	-	135	-	-	-	-	-	-	-	-	-
Gamesa Energy Transmisión, S.A. Unipersonal.	-	-	-	21.833	28.404	-	-	-	-	-	-	-	-	-	-	-
Especial Gear Transmission, S.A. Unipersonal	-	-	-	2.898	634	-	-	-	-	-	-	-	-	-	-	-
Gamesa Innovation & Technology, S.L. Unipersonal	36	434	-	-	-	-	-	4	-	5	-	1	-	-	-	8
Cametor, S.L	-	(297)	-	346	590	-	-	-	-	6.879	1.206	-	-	-	170	-
Compass Transworld Logistic, S.A.	-	-	-	-	-	-	-	-	-	-	-	-	1.030	-	-	-
Gamesa Venture Capital, S.C.R	-	2	-	-	-	-	-	-	-	599	18	-	-	-	-	-
Gamesa Wind Turbines Private	10.038	-	-	-	-	-	-	-	-	-	-	3.101	-	-	-	-
Otras sociedades de grupo Gamesa	15	1	-	2	90	205	368	24	-	169	-	-	-	-	-	-
Total balances and transactions with Group and related companies	**39.106**	**264.207**	**19.337**	**28.582**	**30.638**	**3.969**	**42.465**	**15.272**	**19.108**	**8.515**	**1.224**	**20.686**	**455.544**	**6.175**	**185**	**13**
Associates																
Skybuilt Power,	-	-	-	-	-	-	-	-	-	-	-	-	-	3.647	-	-
Otras sociedades vinculadas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total balances and transactions with related companies	**39.106**	**264.207**	**19.337**	**28.582**	**30.638**	**3.969**	**42.465**	**15.272**	**19.108**	**8.515**	**1.224**	**20.686**	**455.544**	**9.822**	**185**	**13**

2012	Thousand euro												
	Current receivables					Ccurrent payables							
	Receivables in respect of sundry services	Non-current loans to group companies	Loan interest	VAT refundable	Corporate income tax refundable (Note 14)	VAT payable	Corporate income tax payable:	Suppliers and Payables	Non-current loans from group companies	Loan interest	Other operating income	Net revenues	Financial expense
Group and associated companies													
Gamesa Technology Corporation	13,696	-	-	-	-	-	-	-	152	-	1,331	-	-
Gamesa Energía, S.A. Unipersoal.	-	175,000	14,930	623	6	4,463	33,842	1,856	-	-	1,016	5,665	-
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	-	-	-	-	1,353	-	-	-	-	-	-
Gamesa Eólica, S.L. Unipersonal	-	86,940	3	-	-	-	290	18,365	718	-	3,464	1,829	-
SS.EE. Fonseca	-	-	-	-	-	263	-	-	-	-	-	-	-
Gamesa Electric, S.A. Unipersonal	-	-	-	1,153	793	-	-	-	-	-	-	-	-
Gamesa Wind Tianjin Co, Ltd.	9,754	-	-	-	-	-	-	-	-	-	1,299	-	-
Gamesa Energy Transmisión, S.A. Unipersonal	-	-	-	21,833	20,298	-	-	-	-	-	-	-	-
Especial Gear Transmissions, S.A. Unipersonal	-	-	-	2,766	-	-	892	-	-	-	-	-	-
Cametor S.L	-	-	-	274	486	-	-	-	6,812	1,036	-	-	212
Gamesa Venture Capital, S.C.R	-	-	-	-	-	-	-	-	599	3	-	-	-
Gamesa Wind Turbines Private	6,937	-	-	-	-	-	-	-	-	-	1,299	-	-
Other Gamesa Group companies	56	94	-	1	-	195	773	25	181	-	53	-	4
Total balances and transactions with Group and related companies	**30,443**	**262,034**	**14,933**	**26,650**	**21,583**	**4,921**	**37,150**	**20,246**	**8,462**	**1,039**	**8,464**	**7,494**	**216**
Associates													
Iberdrola	-	-	-	-	-	-	-	2,889	-	-	-	-	-
Sistemas Energéticos Conesa II	-	-	-	18	-	2,214	-	2,214	-	-	-	-	-
SS EE. Las Cabezas, S.A	-	-	-	2,803									
S.E. Los Lirios	-	-	-	-	-	-	-	4,458	-	-	-	-	-
Ss.EE SAVALLA DEL COMTAT, S.A	-	-	-	-	-	596	-	2,810	-	-	-	-	-
Other related parties	-	-	-	7	-	2	-	2	-	-	-	-	-
Total balances and transactions with related companies	**-**	**-**	**-**	**2,827**	**-**	**2,812**		**15,330**	**-**	**-**	**-**	**-**	**-**

Dividends from Gamesa Energía, S.A. Unipersonal

On 13 December 2013, the Company, as the Single Shareholder of Gamesa Energía, S.A. adopted a resolution to distribute a dividend totalling €454,514 thousand (€0 thousand in 2012), fully paid out at 31 December 2013.

The Company, as the Single Shareholder of Gamesa Energía, S.A. took a decision in prior years to distribute a dividend totalling €175,000 thousand that had not been paid at 31 December 2013, and the account payable is recorded under the heading “Current investments in group companies and associates - Current loans to group companies” in the accompanying balance sheet at 31 December 2013.

In addition, this heading also recognises the interest accrued on that dividend to the Company at Euribor plus a market spread, for an accumulated amount of €19,333 thousand. Of this capitalised amount 2013 revenues totalled €4,403 thousand (€1,829 thousand in 2012), recorded under the heading "Revenues - Revenues from loans granted to group companies and associates" in the income statement.

Compass Transworld Logistics, S.A. dividend

On 30 December 2013 a dividend was collected from the investee company Compass Transworld Logistics, S.A. in the amount of €1,030 thousand (2012, €743 thousand), recorded under the heading “Revenues- Dividends received for equity instrument investments in group companies and associates" in the income statement for 2013.

Financing agreements between GAMESA Group companies

In 2002 Gamesa Corporación Tecnológica, S.A. concluded a loan agreement with Gamesa Eólica, S.L. Unipersonal. This loan accrues 2% interest per year and it will be repaid after the financial debt recorded by Gamesa Eólica, S.L. Unipersonal has been repaid. The amount granted at 31 December 2013 totalled €89,066 thousand (€86,940 thousand at 31 December 2012) and in 2013 interest totalling €1,772 thousand accrued (€1,829 thousand in 2012) recorded under the heading “Revenue – Interest on loans granted to group companies and associates” in the accompanying income statement for 2012.

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

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

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

Agreements relating to the Wind turbine and Operations and Maintenance segments

Through its subsidiary Gamesa Eólica, S.L. Unipersonal, on 21 December 2011 Gamesa and Iberdrola, S.A. concluded a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, Gamesa 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 1 January 2013 and 31 December 2022 or the date on which the number of megawatts acquired by Iberdrola Group from Gamesa Group under the Framework agreement totals 3,800, whichever occurs first.

The framework agreement replaces the previous contract. Nevertheless, the rights and obligations resulting from the framework agreement remain in force with respect to supplies prior to the framework agreement, which includes the planning of 502 megawatts.

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

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

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

  (b) The extension of current maintenance services in the following terms:

    i. Award Gamesa maintenance services for 503 MW of capacity involving G5x and G4x wind turbines outside of warranty for 3 years at wind farms located in Albacete and Cuenca.

    ii. Extend the operation and maintenance agreement relating to the maintenance of 1,156 G8x (2,312 MW) wind turbines out of warranty at wind farms in Spain and Portugal for an additional 1 year until 31 December 2012.

In the context of the above agreements and extensions of maintenance contracts which end on 31 December 2012, Iberdrola, S.A. and Gamesa Eólica, S.L. are negotiating a new technical and financial scope and physical environment, to carry out preventive and corrective maintenance of certain wind turbines installed at the wind energy plants owned by Iberdrola, S.A. or its subsidiaries. Currently the contract that entered into force on 1 January 2013 establishes the terms and conditions for the maintenance work for the G8x fleet on Mainland Spain and Portugal and for the plants in certain other countries that were not covered by maintenance contracts is expected to enter into force on 1 January 2013 and has yet to be signed (2,286 MW with minimum volumes for 2013, 2014 and 2015).

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

In 2013 the Directors of GAMESA earned fixed and variable salaries, per diems, and other items amounting to approximately €2,621 thousand (2012: €3,263 thousand). The detail of the aforementioned amount is as follows:

	Thousand euro	
	31.12.13	12/31/2012
Members of the Board of Directors -		
Type of remuneration -		
Fixed compensation	1,727	960
Variable compensation	221	-
Per Diems	508	-
Statutory remuneration	120	126
Stock options and/or other financial instruments	-	-
Indemnity to the outgoing Chairman and CEO	-	2,136
	2,576	**3,222**
Other benefits -		
Prepayments	-	-
Loans granted	-	-
Pension funds and plans: Contributions	-	-
Pension funds and plans: Contractual obligations	-	-
Life insurance premiums	45	41
Guarantees given for directors	-	-
Total	**2,621**	**3,263**

The heading "By-law Benefits" relates to the amount of the premium paid for the civil liability policy covering directors, executives and other employees. Compensation for the Board of Directors does not include the accrual of long-term incentive plans (Note 18.e) totalling €484 thousand, which will be effectively paid once the Plan measurement period of 2013-2015 ends and it will be paid out based on the degree of effective compliance with the objectives to which it is subject, in 2016.

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:

	Thousand euro	
	31.12.13	12/31/2012
Type of director-		
Executives	1,136	3,263
External proprietary directors	342	-
External independent directors	1,127	-
Other external	16	-
	2,621	**3,263**

At 31 December 2013, the members of the Board of Directors consist of nine men and one women (eight and two, respectively, at 31 December 2012).

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to senior management, excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed above) amounted to €2,177 thousand in 2013 (2012:€4,162 thousand). The compensation paid or payable to members of senior management for past employment services is set out in the following table:

	Thousand euro	
	2013	2012
Employee salaries and other short-term compensation	2,094	2,877
Termination benefits	-	1,285
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	83	-
Total	**2,177**	**4,162**

The heading "Share-based payments" includes senior management compensation consisting of the settlement of the long-term incentive plan 2011-2013 (in 2013). Compensation for senior management does not include the accrual of long-term incentive plans (Note 12.d) totalling €1,063 thousand, which will be effectively paid once the Plan measurement period of 2013-2015 ends and it will be paid out based on the degree of effective compliance with the objectives to which it is subject, in 2016 and 2017.

In 2013 and 2012 there were no transactions with executives other than those carried out in the ordinary course of business.

Information regarding conflicts of interest affecting Directors-

At 2013 year-end the members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. and certain persons related to them as defined in the Spanish Limited Liability Companies Law held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's object. Also, following is a detail of the positions held and functions discharged at those companies:

Owner	**Investee company**	**Line of business**	**Number of shares**	**Function**
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electricity industry	30,284,584	None
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Electricity industry	20,185	Director of Audit and Compliance
Castresana Sánchez, Ramón	Iberdrola, S.A.	Electricity industry	35,268	Director of Human Resources at Iberdrola Group
Moreu Munaiz, Manuel	Iberdrola, S.A.	Electricity industry	20,049	None

The members of the Board of Directors were affected by the following conflicts of interest in 2013:

- Castresana Sánchez, Ramón In accordance with the procedure established in Article 35 of the Board of Directors Regulations for GAMESA CORPORACIÓN TECNOLÓGICA, S.A., when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, it did not participate in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board meetings held on 23 January, 29 May and 25 September 2013.

- Rubio Reinoso, Sonsoles In accordance with the procedure established in Article 35 of the Board of Directors Regulations for GAMESA CORPORACIÓN TECNOLÓGICA, S.A., when the Board and the Audit and Compliance Committee has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, he did not participate in the deliberation, voting, decision and execution of the resulting resolution. This occurred at the Board of Directors Meetings held on 23 January, 29 May and 25 September 2013, and at the Audit and Compliance Committee Meetings held on 22 January, 26 April,16 September and 24 September 2013.

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 three years' salary, depending on personal and professional circumstances and the time at which the agreement was concluded.

20. Other information

a) Audit fees

In 2013 and 2012 the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements, (PricewaterhouseCoopers, S.L. in 2013 and 2012, or by firms in the their organisations), 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:

2013	Thousand euro	
	Services rendered by PwC	Services provided by other audit firms
Audit services	1,297	93
Other attest services	120	16
Total audit and related services	**1,417**	**109**
Tax counselling services	25	1,111
Other services	144	1,689
Total services other companies in the network	**169**	**2,800**
Total professional services	**1,586**	**2,909**

2012	Thousand euro	
	Services rendered by PwC	Services provided by other audit firms
Audit services	1,216	29
Other attest services	10	555
Total audit and related services	**1,226**	**584**
Tax counselling services	-	791
Other services	-	1,289
Total services other companies in the network	**-**	**2,080**
Total professional services	**1,226**	**2,664**

Of the amount relating to the services rendered by the main auditor, €374 thousand relate to audit services provided to Gamesa Corporación Tecnológica, S.A. (€344 thousand in 2012).

b) Financial structure

As is explained in Note 1, the Company is the parent of GAMESA Group. The Company's financial management is carried out in a coordinated manner between the Company's Corporate Management and the Group's business units (Note 5).

At 31 December 2013, and as is shown in the consolidated financial statements for GAMESA Group (prepared in accordance with International Financial Reporting Standards approved by the European Union), the Group's equity amounts to €1,017,658 thousand (€1,028,675 thousand at 31 December 2012) and gross financial debt totals €1,261,303.thousand (€1,372,351 thousand from continued activities at 31 December 2012).

On 22 June 2011 Gamesa Group obtained a new syndicated loan for EUR 1,200 million, which replaces the previous syndicated loan that the Group had maturing in October 2012. The conditions of the new syndicated loan establish progressive maturity dates in the period 2014-2016 and the accrual of interest at Euribor plus a market spread, without substantial changes in the rest of the significant conditions or the present discounted value of cash flows. The amount drawn down on this loan at the Group level at 31 December 2013 to talks €588 million (2012: €920 million euros).

On 19 December 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) (an indirectly wholly-owned investee of Gamesa Corporación Tecnológica, S.A.) entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. At the end of 2010, Gamesa Eólica, S.L. Unipersonal had drawn down EUR 160 million. On 22 June 2011 a financial institution became the guarantor of Gamesa Eólica, S.L. Unipersonal for EUR 40 million and Gamesa Eólica, S.L. Unipersonal drew down the entire amount of the loan.

On 29 November 2012, Gamesa Eólica, S.L., UnipersonaL obtained a EUR 260,000 thousand loan from the European Investment Bank to finance innovation, research and development projects relating to the processes of improving existing wind turbines, and the development of new products. The conditions of the new loan establish its maturity date in 2019 and it accrues an interest rate referenced to the euribor rate plus a market spread. At the end of 2012, Gamesa Eólica, S.L. Unipersonal had not drawn down any amount from this loan. In April 2013 Gamesa Eólica, S.L: Unipersonal had completely drawn down the €260,000 loan.

c) Information regarding the deferral of payments made to suppliers.

Details of payments for commercial transactions carried out during the year and pending payment at the year end, as they relate to the maximum legal deadlines established by Law 15/2010, is as follows (thousand euro):

	Payments made and pending payment as the balance sheet closing date			
	2013		2012	
	euro	%	euro	%
Payments during the year within the maximum legal limit	6,661	42%	10,518	58%
Other	9,359	58%	7,710	42%
Total payments during the year	16,020	100%	18,228	100%
Average excess payment period (days)	58		38	
Balance pending payment at the year-end that exceeds the maximum legal limit	1,342	51%	975	64%

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to “Trade and Other Payables”, “Trade and other payables - Sundry payables” under current liabilities in the balance sheet.

The maximum payment deadline applicable to the Company in accordance with Law 3/2004 (29 December), which establishes measures to fight against delayed payments for commercial transactions and in accordance with the transitional provisions established by Law 15/2010 (5 July) is 60 days between the date the Law entered into force and until 31 December 2013 (75 days at 31 December 2012).

21. Subsequent events

Regulatory changes

On 26 December 2013 the new law that ratified the provisions of Royal Decree Law 9/2013 was published, eliminating the special system and implementing a new compensation system for renewable energy, cogeneration and waste conversion plants.

Royal Decree Law 9/2013 stipulates that the Council of Ministers will approve a compensation method for renewable energy based on the cost of an efficient investment that allows facilities in question to obtain, over the course of their regulatory useful life, the yield obtained by 10-year Government bonds plus 300 basis points. This new specific compensation will be calculated based on:

- The standard equivalent operating hours.
- The standard revenues from the sale of energy at the market price
- Standard operating costs
- The standard value of the initial measurement

The new compensation will be in addition to the compensation received for the sale of energy on the market and it will consist of an amount per unit of installed capacity that covers, when appropriate, the investment costs that cannot be recovered in the market and an aggregation amount that covers, if appropriate, the difference between operating costs and the market price.

The Royal Decree Law stipulates, until that method is approved, that renewable energy and cogeneration facilities will receive, as an interim payment, the premiums established in the legal system in force until Royal Decree Law 9/2013 is published (Royal Decree 661/2007).

Every three years the compensation parameters relating to the provisions for market prices may be changed, including any deviations that may have arisen during that period. Every six years the standard parameters for the facilities may be changed, except the value of the initial investment and the regulatory useful life which will remain unchanged over the life of the facilities included under the special system.

At the date these annual accounts were prepared the enabling regulations for this compensation system has not yet been published and therefore Gamesa Group has estimated their impact in accordance with the best information available and it has concluded that it is not necessary to recognize any impairment in addition to that indicated in Note 9 of the notes to the consolidated accounts totalling €5 million.

Corporate transactions

On 20 January 2014 the Group disclosed to the market that GAMESA and Areva have reached an agreement under which they will enter into exclusive negotiations in order to create a joint venture to channel all of the development of the offshore wind energy business of both companies and their subsidiaries.

AREVA and GAMESA will each have a 50% stake in the joint venture.

Subject to obtaining the authorization and permits that are necessary, AREVA and GAMESA will contribute to the joint venture all the technologies and assets relating to the offshore business that they own, including among others:

- In the case of AREVA, its assembly plant in Bremerhaven and its blade manufacturing plant in Stade (both located in Germany), as well as its offshore technology and its contract portfolio.
- In the case of GAMESA, its Multi-MW technology applicable to offshore wind energy, its 5.0 MW platform and its 5.0 MW offshore prototype, as well as its experience and knowledge in engineering and operations and maintenance.

The planned joint venture would allow of companies to enter the offshore market in a more solid manner in commercial, technological and industrial areas with the objective of positioning themselves as one of the primary global manufacturers of offshore turbines.

In particular, in the product development area projections are that:

- In the 5 MW wind turbine area, the joint venture will continue to market AREVA's M5000 wind turbine and in the short-term it will also develop a new generation of 5 MW wind turbines including the improvements and advantages of GAMESA's Multi-MW technology.
- In the 8 MW area, the development of a new generation of scenes would accelerate, benefiting from the investments and knowledge developed by both parties to date and the technological synergies generated by the joint venture.

In the coming months the parties are expected to complete their respective due diligence processes and specify the definitive terms of agreement that would essentially the set out in a framework contract, a shareholder agreement, agreements regarding the transfer of assets and liabilities, and agreement covering the purchase of critical components with GAMESA being the preferred supplier and other accessory contracts.

The transaction will have accounting impacts in 2014 once the definitive agreements are signed.

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
FULLY CONSOLIDATED COMPANIES							
A) GAMESA ENERGÍA GROUP							
Gamesa Energía, S.A. Unipersonal	Development of windfarms	PWC	Vizcaya	100%	35.491	-46.497	299.001
A.1 Wind farms							
· **Development of wind farms**							
Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen Simplificado, S.A.	Development of windfarms	PWC	Vizcaya	100%	1.200	40.795	3.625
Gamesa Energía Italia, S.P.A.	Development of windfarms	PWC	Italy	100%	570	652	-2.543
Gamesa Energiaki Hellas, A.E.	Development of windfarms	PWC	Greece	100%	236	-2.388	-1.065
Gamesa Energía Portugal, S.A.	Development of windfarms	PWC	Portugal	100%	475	-2.314	-1.144
Gamesa Energie France, E.U.R.L.	Development of windfarms	Deloitte	France	100%	60	-4.341	-319
Parques Eólicos del Caribe, S.A.	Development of windfarms	PWC	Dominican Republic	57%	1.300	-1.009	-130
Navitas Energy, Inc.	Development of windfarms	PWC	USA	97%	252	-7.589	-279
Gamesa Energy Romania, Srl	Development of windfarms	-	Romanía	100%	0	-4.570	-2.602
Gamesa Energía Polska Sp. Zoo	Development of windfarms	PWC	Poland	100%	112	-5.498	-1.581
Gamesa Energy UK, Ltd.	Development of windfarms	PWC	UK	100%	0	-7.572	-2.765
Wind Portfolio SponsorCo, LLC	Development of windfarms	-	USA	100%	0	0	0
Gamesa Energie Deutschland, GmbH	Development of windfarms	PWC	Germany	100%	575	-1.792	-1.091
Kurnool Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%	1	0	0
Kadapa Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%	1	0	0
Anantapur Wind Farms Privated Ltd	Manufacturing and holding company	-	India	100%	1	0	0
GERR, Grupo Energético XXI, S.A Unipersonal	Development of windfarms	-	Barcelona	100%	1.605	-5.000	-238
International Wind Farm Developments II, S.L.	Development of windfarms	-	Vizcaya	100%	3	-446	97
International Wind Farm Developments III, S.L.	Development of windfarms	-	Vizcaya	100%	3	-129	-35
International Wind Farm Developments IX, S.L.	Development of windfarms	-	Vizcaya	100%	3	-232	-81
Gamesa Bulgaria EOOD	Development of windfarms	PWC	Bulgaria	100%	3	-1.466	-277
International Wind Farm Development IV S.L.	Development of windfarms	-	Vizcaya	100%	3	-1	0
International Wind Farm Development V S.L.	Development of windfarms	-	Vizcaya	100%	3	-1	0
International Wind Farm Development VI S.L.	Development of windfarms	-	Vizcaya	100%	3	-1	0
International Wind Farm Development VII S.L.	Development of windfarms	-	Vizcaya	100%	3	-1	0
Gamesa Energy Sweden AB	Development of windfarms	-	Sweden	100%	5	638	-640
Eólica Da Cadeira, S.A.	Development of windfarms	-	A Coruña	65%	60	-61	0
Gamesa Europa S.L. Unipersonal	Development of windfarms	-	Galicia	100%	3	-33	-1
Gesa Energía S.R.L.de CV	Development of windfarms	-	México	100%	0	-5.486	1.623
Sistemas Energéticos Jaralón, S.A. Unipersonal	Development of windfarms	-	Vizcaya	100%	61	-333	-42
Vento Artabro, S.A.	Development of windfarms	-	A Coruña	80%	61	-70	-1
Xeración Eólica de Galizia S.A.	Development of windfarms	-	Santiago de Compostela	65%	60	-9	0
· **Operation of wind farms**							
Baileyville Wind Farm, LLC	Operation of windfarms	-	USA	97%	0	0	0
Windfarm 33 Gmbh	Operation of windfarms	-	Germany	100%	25	-23	0
Windfarm 35 Gmbh	Operation of windfarms	-	Germany	100%	25	4	1
Windfarm 38 Gmbh	Operation of windfarms	-	Germany	100%	25	-3	0
Windfarm 39 Gmbh	Operation of windfarms	-	Germany	100%	25	-2	0
Windfarm 40 Gmbh	Operation of windfarms	-	Germany	100%	25	-3	0
Energiaki Flabouro EPE		-	Greece	100%	5	-1	-1
Fanbyn2 Vindenergi AB	Operation of windfarms	-	Sweden	100%	6	0	0
Suchan Sp Z.o.o.	Operation of windfarms	-	Poland	100%	1	-5	-6
Whitehall Wind, LLC	Operation of windfarms	-	USA	100% Navitas	0	0	0
S.E. Balazote, S.A. Unipersonal	Operation of windfarms	-	Toledo	100%	61	-239	-5
S.E. Cabezo Negro, S.A. Unipersonal	Operation of windfarms	-	Zaragoza	100%	61	-645	55

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
SAS SEPE du Plateu	Operation of windfarms	-	France	100%	4	16	-4
Sistemas Energéticos La Plana, S.A.	Operation of windfarms	ATTEST	Zaragoza	90%	421	2.937	322
Sistemas Energéticos Ferrol Nerón, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-770	-12
Sistemas Energéticos La Jimena, S.A.	Operation of windfarms	-	Soria	60%	61	-629	-5
Sistemas Energéticos Barandón, S.A.	Operation of windfarms	-	Valladolid	100%	61	-14	0
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of windfarms	PWC	Greece	86%	59	-59	-3
Eoliki Attikis Kounus Energiaki A.E.	Operation of windfarms	PWC	Greece	86%	59	-59	-3
Sistemas Energéticos Ventorrillo, S.A. Unipersonal	Operation of windfarms	-	Sevilla	100%	61	-69	-1
Eólica Dos Arbolitos, S.A.P.I. de C.V.	Operation of windfarms	-	México	88%	6	1	-20
Elecdey Barchín, S.A.	Electric energy production	-	Cuenca	100%	200	271	972
Sistemas Energéticos de Tarifa, S.L. Unipersonal.	Development of windfarms	-	Vizcaya	100%	61	-322	544
Sistemas Energéticos Argañoso, S.L. Unipersonal.	Development of windfarms	-	Vizcaya	100%	61	-27	0
Sistemas Energéticos Ortegal, S.A.	Operation of windfarms	-	A Coruña	80%	61	-294	0
Sistemas Energéticos del Sur, S.A.	Operation of windfarms	-	Sevilla	70%	600	-389	-56
Sistemas Energéticos los Nietos, S.A. Unipersonal.	Operation of windfarms	-	Sevilla	100%	61	-6	0
Sistemas Energéticos Sierra de Lourenza, S.A. Unipersonal	Operation of windfarms	-	Vizcaya	100%	61	-85	-1.886
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Development of windfarms	-	Vizcaya	100%	61	-17	0
Sistemas Energéticos Edreira, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-31	-7
Sistemas Energéticos Campoliva, S.A. Unipersonal	Operation of windfarms	-	Zaragoza	100%	61	-9	0
Sistemas Energéticos Carril, S.L.Unipersonal	Operation of windfarms	-	Vizcaya	100%	61	-5	0
Gesacisa Desarrolladora SA de CV	Operation of windfarms	PWC	México	88%	6	1.719	-614
Sistemas Energéticos Alcohujate, S.A. Unipersonal	Operation of windfarms	-	Toledo	100%	61	-428	-8
Energiaki Megas Lakkos, S.A.	Operation of windfarms	PWC	Greece	100%	60	-44	-8
SAS SEPE Champagne Berrichonne	Operation of windfarms	-	France	100%	4	21	-6
SAS SEPE St. Loup de Saintonge	Operation of windfarms	-	France	100%	4	20	-3
SAS SEPE Source de Sèves 1312	Operation of windfarms	-	France	100%	4	15	-3
SAS SEPE Dampierre Prudemanche	Operation of windfarms	Deloitte	France	100%	37	-172	-12
SAS SEPE Germainville	Operation of windfarms	Deloitte	France	100%	37	-23	-13
SAS SEPE Ecueille	Operation of windfarms	Deloitte	France	100%	4	-51	-10
Sistemas Energéticos el Valle, S.L.	Operation of windfarms	-	Navarra	100%	3	-2	0
Sistemas Energéticos Fonseca, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-3.353	-129
Sistemas Energéticos del Umia, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-91	-18
Sistemas Energéticos Cuntis, S.A.	Operation of windfarms	-	A Coruña	100%	61	-17	0
Parque Eólico do Pisco, S.A.		-	Portugal	100%	50	-56	-22
Sistemas Energéticos La Cámara, S.L.	Operation of windfarms	-	Sevilla	100%	3	-3	-195
Sistemas Energéticos Fuerteventura, S.A. Unipersonal	Operation of windfarms	-	Canarias	100%	61	-16	0
Sistemas Energéticos Arico, S.A. Unipersonal	Operation of windfarms	-	Canarias	100%	61	-13	-226
Sistemas Energéticos Alto de Croa, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-334	-16
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Operation of windfarms	-	A Coruña	100%	61	-558	-36
Abruzzo Vento, Srl	Development and Operation of windfarms	-	Italy	90%	30	-38	-1
EBV Holding Verwaltung GMBH	Development of windfarms	-	Germany	100%	25	19	-1
Sistemas Energéticos Boyal, S.L.	Operation of windfarms	-	Zaragoza	60%	3	-7	92
Energiaki Arvanikos, MEPE	Operation of windfarms	-	Greece	100%	5	-162	-7
Sistema Eléctrico de Conexión Montes Orientales, S.L.	Operation of windfarms	-	Granada	83%	45	-6	0
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Operation of windfarms	-	Sevilla	100%	61	-6	0
Sistemas Energéticos Sierra de las Estancias, S.A. Unipersonal	Operation of windfarms	-	Sevilla	100%	61	14	-2.117
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Operation of windfarms	-	Sevilla	100%	61	3.646	280
	Operation of windfarms						
Energiaki Ptoon, S.A.	Operation of windfarms	PWC	Greece	100%	15.753	-355	-210
Parco Eolico Tuturano S.R.L.	Operation of windfarms	-	Italy	100%	30	-11	-1

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Parco Eolico Banzi S.r.l. 1312	Operation of windfarms	-	Italy	100%	30	-11	-2
Parco Eolico Aria del Vento S.r.l. 1312	Operation of windfarms	-	Italy	100%	30	-11	-2
Osiek Sp. Z o.o	Operation of windfarms	-	Poland	100%	11	-40	-26
Eólica El Retiro S.A.P.I. de C.V.	Operation of windfarms	-	México	88%	6	13	-224
Sistemas Energéticos Monte Genaro, S.L. Unipersonal	Operation of windfarms	-	Vizcaya	100%	3	-1	0
Sistemas Energéticos Sierra de Valdefuentes, S.L. Unipersonal	Operation of windfarms	-	Vizcaya	100%	3	-87	0
Sistemas Energéticos Sierra del Carazo, S.L. Unipersonal	Operation of windfarms	-	Vizcaya	100%	3	-87	0
Harelaw Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	0	0	0
Shap Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	0	0	0
Watford Gap Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	0	0	0
Aberchalder Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	0	0	0
Windfarm Ringstedt II, GmbH	Operation of windfarms	-	Germany	100%	4.670	-5.015	276
Llynfi Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	0	0	0
Llanfynydd Renewable Energy Park Ltd.	Operation of windfarms	-	USA	100%	0	0	0
Coemga Renovables 1 ,S.L.	Operation of windfarms	-	Barcelona	75%	3	-9	0
Coemga Renovables, S.L.	Operation of windfarms	-	Barcelona	75%	3	-234	-1
Windfarm Gross Hasslow GmbH	Operation of windfarms	-	Germany	100%	4.215	-4.636	319
Sistemas Energéticos de Gran Canaria	Operation of windfarms	-	Canarias	100%	3	-2	-2
Infraestructura Generación Valdeconejos, SL.	Operation of windfarms	-	Zaragoza	100%	3	-7	0
Energiaki Maristi MEPE	Electric energy production	-	Greece	100%	5	-237	-245
Ger Baraganu S.R.L	Electric energy production	-	Romania	100%	0	-5	-4
Ger Bordusani S.R.L.	Electric energy production	-	Romania	100%	0	-5	-4
Ger Cerbal S.R.L.	Electric energy production	-	Romania	100%	0	-5	-4
Ger Independenta S.R.L.	Electric energy production	-	Romania	100%	0	-5	-4
Ger Jirlau S.R.L.	Electric energy production	-	Romania	100%	0	-5	-24
Ger Ludus S.R.L.	Electric energy production	-	Romania	100%	0	-5	-4
Ger Ponor S.R.L.	Electric energy production	-	Romania	100%	0	-6	-20
Ger Pribeagu S.R.L	Electric energy production	-	Romania	100%	0	-5	-4
Lingbo SPW AB	Electric energy production	-	Sweden	75%	273	3.539	-121
Innovación Eólica de Salamanca S.L.	Electric energy production	-	Burgos	78%	6	-34	-1
Elliniki Eoliki Energiaki Kseropousi SA 1312	Operation of windfarms	-	Greece	86%	15	0	-5
Elliniki Eoliki Energiaki Pirgos SA 1312	Operation of windfarms	-	Greece	86%	25	0	-8
Elliniki Eoliki Energiaki Kopriseza SA 1312	Operation of windfarms	-	Greece	86%	0	0	-3
Elliniki Eoliki Energiaki LIKOURDI SA 1312	Operation of windfarms	-	Greece	86%	0	0	-3
Zefiro Energy S.R.L. 1312	Operation of windfarms	-	Italy	51%	10	3	-1
A.2 Manufacture of WTGSs							
Gamesa Eólica, S.L. Unipersonal	Wind-powered facilities	PWC	Navarra	100%	201	-46.157	198.848
Gamesa Innovation & Technology, S.L. Unipersonal	Manufacture of moulds, blades and provision of central services (engineering)	PWC	Navarra	100%	4.355	358.817	23.659
Estructuras Metálicas Singulares, S.A.	Manufacture of wind generator towers	PWC	Navarra	100%	61	6.442	213
Gamesa Wind, GMBH	Wind-powered facilities	PWC	Germany	100%	995	-17.152	-1.110
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	PWC	Italy	100%	100	486	5.191
Gamesa Wind UK Limited	Manufacturing and holding company	PWC	UK	100%	0	-8.468	-2.424
Gamesa Lanka Private Limited	Manufacturing and holding company	PWC	Sri Lanka	100%	39	62	64
Gamesa Wind Romania, SRL	Development of windfarms	PWC	Romanía	100%	0	13.273	-791
Gamesa Singapore Private Limited	Manufacturing and holding company	PWC	Singapur	100%	0	-2.279	-1.184
Gesa Eólica Honduras, S.A.	Manufacturing and holding company	-	Honduras	100%	1	1.527	-1.223
Gamesa Eólica VE, C.A.	Manufacturing and holding company	-	Venezuela	100%	18	-10	-109
RSR Power Private Limited	Manufacturing and holding company	-	India	100%	2	10	-3
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	Wind-powered facilities	-	Portugal	100%	960	1.269	3.518
Gamesa Wind Turbines Private Ltd	Wind-powered facilities	Deloitte	India	100%	154.878	-54.292	-5.078
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	PWC	China	100%	12.000	11.668	744
Gamesa Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	PWC	China	100%	200	-4.134	-2.092
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	PWC	China	100%	8.198	73.809	10.614

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Gamesa Trading Co., Ltd.	Purchase and sale of raw materials (Trader)	PWC	China	100%	49	69	-106
Gamesa Cyprus Limited	Manufacturing and holding company	-	Cyrpus	100%	1	1.663	-5
Gamesa New Zeland Limited	Manufacturing and holding company	-	New Zealand	100%	0	341	-30
Gamesa Wind Bulgaria, EOOD	Manufacture, construction and operation of wind farms	PWC	Bulgaria	100%	3	2.042	-857
Gamesa Eolica France SARL	Wind-powered facilities	PWC	France	100%	8	3.567	2.255
Gamesa Electric, S.A. Unipersonal	Manufacture and sale of electronic equipment	-	Vizcaya	100%	9.395	3.814	494
Cantarey Reinosa, S.A. Unipersonal	Manufacture of electricity generators	PWC	Cantabria	100%	4.217	23.904	676
Enertron, S.L. Unipersonal	Manufacture of electronic elements	PWC	Madrid	100%	301	3.765	-2.517
Gamesa Wind South Africa PTY LTD	Manufacturing and holding company	-	South Africa	100%	1	-1	-3
Gamesa Australia PTY, LTD	Manufacturing and holding company	-	Australia	100%	0	-288	-651
Gamesa Chile SpA	Manufacturing and holding company	-	Chile	100%	8	-110	564
Gamesa Dominicana, S.A.S.	Manufacturing and holding company	PWC	Dominican Republic	100%	6	61	-813
Valencia Power Converters, S.A. Unipersonal	Manufacture and sale of electronic elements	PWC	Valencia	100%	61	23.721	452
Gamesa Energy Transmission, S.A. Unipersonal	Manufacture of wind-power components	PWC	Vizcaya	100%	21.660	39.214	4.843
Especial Gear Transmissions, S.A. Unipersonal	Manufacture of gear assem	PWC	Vizcaya	100%	732	-154	-3.281
Gamesa Burgos, S.A. Unipersonal	Iron smelting	PWC	Burgos	100%	1.200	2.116	506
Transmisiones Eólicas de Galicia, S.A. Unipersonal	Manufacture of wind-power components	PWC	A Coruña	100%	695	2.583	-103
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	PWC	México	100%	3	21.782	9.402
Gamesa Wind Poland Sp zoo	Wind-powered facilities	-	Poland	100%	13	22.785	4.278
Parque Eólico Dos Picos, S.L. Unipersonal	Operation of windfarms	-	Vizcaya	100%	1.229	28	74
Gamesa Morocco, SARL	Wind-powered facilities	-	Morocco	100%	1	217	-147
Gamesa Wind Energy Services, Ltd	Manufacturing and holding company	-	Turkey	100%	41	-43	-1.522
Gamesa Eólica Costa Rica, S.R.L.	Manufacturing and holding company	-	Costa Rica	100%	0	690	0
Gamesa Wind Sweden, AB	Manufacturing and holding company	PWC	Sweden	100%	5	37	-1.559
Gamesa Japan Kabushiki Kaisha	Manufacturing and holding company	-	Japan	100%	18	-6.219	-371
Gamesa Wind Hungary KTF	Manufacturing and holding company	PWC	Hungary	100%	12	5.082	734
Gamesa Eólica Greece E.P.E	Manufacturing and holding company	-	Greece	100%	18	4.010	528
Jilin Gamesa Wind Co., Ltd.	Manufacturing and holding company	PWC	China	100%	1.630	-5.483	-377
Inner Mongolia Gamesa Wind Co.,Ltda.	Manufacturing and holding company	PWC	Mongolia	100%	1.651	-4.954	-1.015
Gamesa Ireland Limited	Manufacturing and holding company	PWC	Irland	100%	0	690	-145
Gamesa Estonia OÜ	Manufacturing and holding company	-	Estonia	100%	3	-5	0
GM Navarra Wind Energy Private Limited	Manufacturing and holding company	-	India	100%	153	-86	49
Gamesa Canada, ULC	Manufacturing and holding company	-	Canada	100%	0	0	0
Gamesa Azerbaijan, LLC	Manufacturing and holding company	-	Azerbaijan	100%	0	-229	-264
Gamesa Eólica Brasil, Ltd.	Management of electricity facilities	-	Brazil	100%	14.804	-4.662	-19.416
RAJGARH WINDPARK PRIVATE LIMITED 1312	Manufacturing and holding company	Deloitte	India	51%	2	-1	-1
Gamesa Taiwan Limited 1312	Manufacturing and holding company	-	Taiwan	100%	0	0	0
Gamesa Finland OY 1312	Manufacturing and holding company	-	Finland	100%	3	0	-2.731
C) **GAMESA TECHNOLOGY CORPORATION GROUP**							
Gamesa Technology Corporation, Inc	Administrative management services	PWC	USA	100%	24.942	302.606	-22.284
Gamesa Wind US, LLC	Wind farm maintenance services	PWC	USA	100%	88	-364.339	-4.068
Gamesa Wind, PA, LLC	Manufacture and assembly of wind generators	PWC	USA	100%	81	235.817	8.422
Cedar Cap Wind, LLC	Operation of windfarms	-	USA	100%	0	0	0
Crescent Ridge II, LLC	Operation of windfarms	-	USA	100%	0	0	0
2Morrow Energy, LLC	Operation of windfarms	-	USA	100%	1.461	-21.023	-324
Pocahontas Prairie Wind, LLC	Operation of windfarms	-	USA	100%	0	-46.743	-3.092
Medicine Bowl Wind LLC 1312	Operation of windfarms	-	USA	100%	0	0	0
Gamesa Uruguay S.R.L	Wind-powered facilities	-	Uruguay	100%	1	8	-203
Gamesa Eólica Nicaragua, S.A.	Wind-powered facilities	-	Nicaragua	100%	2	1.084	-732
Gamesa Kenya Limited S.L.	Wind-powered facilities	-	Kenya	100%	0	-6	-4
Gamesa Puerto Rico CRL	Wind-powered facilities	-	Puerto Rico	100%	1	-95	108
D) **OTHERS**							

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Cametor, S.L.	Ownership of non-current assets	-	Vizcaya	100%	3.902	8.120	266
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	51%	6.861	109	1.290
Sistemas Energéticos Almodóvar del Río, S.L	Electric energy production	-	Vizcaya	100%	5.877	-586	90
Gamesa Financiación S.A.-Unipersonal 1312	Issuance of preferred shares and/or other debtinstruments	-	Spain	100%	60	0	0
Servicios Eólicos Globales, SRL de CV 1312	Provide services for the construction, operation and maintenance of wind farms	-	México	100%	0	0	0
Gamesa Venture Capital, S.C.R. de Régimen Simplificado, S.A. Unipersonal	Promotion companies	-	Spain	100%	600	4	10
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD							
Windar Renovables, S.L.	Head of the companies which manufacture wind generator towers	PWC	Navarra	32%	9	48.286	1.908
Energías Renovables San Adrián de Juarros, S.A.	Development and Operation of windfarms	-	Burgos	45%	60	-8	0
Windkraft Trinnwillershagen Entwicklungsgesellschaft, GmbH	Development of windfarms	-	Germany	50%	51	683	24
Sistems Electrics Espluga S.A.	Operation of windfarms	-	Barcelona	50%	61	-399	-43
Worldwater & Solar Technologies Inc.	Manufacturing and holding company	-	USA	26%	2.356	-2.117	-5.057
Windar Logistic, S.L.	Manufacturing and holding company	-	Jaén	32%	3	-472	1
Tadarsa Eólica	Manufacturing and holding company	-	Avilés	32%	2.303	10.348	807
Wind Power Brasil S.L.	Manufacturing and holding company	-	Asturias	32%	3	-178	-77
Windar Wind Services S.L. Unipersonal	Manufacturing and holding company	-	Spain	32%	3	2	77
9Ren España, S.L	Solar		Spain	49%	11.957	84.107	-55.249
Apoyos Metálicos, S.A.	Manufacturing and holding company	-	Navarra	32%	841	7.548	-80
Kintech Santalpur Windpark Private Limited	Manufacturing and holding company	-	India	49%	77	-52	-10
Baja Wind Llc	Manufacturing and holding company	-	USA	50%	0	0	0
Torres Eólicas Do Brasil Ltda.	Manufacturing and holding company	-	Brazil	32%	4.800	-720	-4.062
AEMSA Santana	Manufacturing and holding company	-	Jaén	32%	3.061	-1.353	161
New Broadband Network Solutions SL	Manufacturing and holding company	-	Madrid	19%	136	719	-3.868
Rajgarh Windpark Private Ltd	Engineering	-	India	50%	2	-1	-1

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

HEREBY CERTIFY:

That the text of the financial statements for 2013 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on 26 February 2014 is the content of the preceding 67 sheets of unstamped paper, on the obverse only, and the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

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

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

Madrid, 26 February 2014 In witness whereof

Approval of the Chairman

Ignacio Martín San Vicente Chairman and CEO	Carlos Rodríguez-Quiroga Menéndez Secretary of the Board of Directors

Gamesa

ACTIVITY REPORT

Madrid, 27 February 2014

January-December 2013 Results

1. SOLID EXECUTION OF THE BUSINESS PLAN

Gamesa Corporación Tecnológica[1] exceeded all of its commitments in 2013, with a sales volume of 1.953 MWe, an EBIT margin of 5.5%[2] and net interest-bearing debt of €420 million. The company's achievements extend above and beyond its financial results. The necessary actions were rolled out in 2013 to make the company leaner and more flexible, capable of remaining profitable throughout the economic cycle and with lower funding needs. Gamesa reduced its structural costs by €119 million, 19% more than set out in the plan, and implemented measures to optimise variable costs, based on three pillars: product design, supply chain and internal productivity. It also improved working capital management, aligning manufacturing to deliveries and payments and applying the new business model for wind farm development, which is without recourse to the balance sheet. As a result, the company reduced working capital by €243 million in the year and attained a working capital/revenues ratio of 8.3%.

Main consolidated figures for 2013[3]

- **Revenues:** €2,336 million (-12.6% y/y)
- **MWe sold:** 1,953 (-7.8% y/y)
- **EBIT:** €129 million (2.8x EBIT 2012)
- **Net profit:** €51 million
- **Net interest-bearing debt:** €420 million (-15.2% y/y)
- **NFD/EBITDA:** c.1.5x
- **Working capital/revenues:** 8,3%

Group revenues totalled €2,336 million, a decrease of 13% with respect to 2012, as a result of the lower volume of manufacturing (due to aligning production to deliveries in a context of slowing demand) and devaluation of the Brazilian real and the Indian rupee. Sales amounted to 1,953 MWe, 8% less than in 2012 (2,119 MWe), mainly as a result of the slump in the US and Chinese markets, which was partly offset by the rising contribution from emerging markets in Latin America, Asia and Africa. In particular, **wind turbine sales stabilized progressively during the year and even expanded in the fourth quarter,** a trend that is expected to continue in 2014**. WTG sales[4] increased by 22% y/y** in the fourth quarter, due to 12% y/y growth in activity, reaching a volume of 551 MWe, stabilisation of the average selling price (ASP); and the sale of operational wind farms in Greece (25.5 MW) and Germany (18.5 MW).

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[1] Gamesa Corporación Tecnológica engages in wind turbine manufacture and provides operation and maintenance services (which were part of the Wind Turbines division in previous years). The wind farm development, construction and sale business, which was part of the Wind Farms division (Gamesa Energía) in previous years, is now classified as part of the wind turbine generator manufacturing business.

[2] The EBIT margin does not include the net impact of non-recurring items (-€5.6mn).

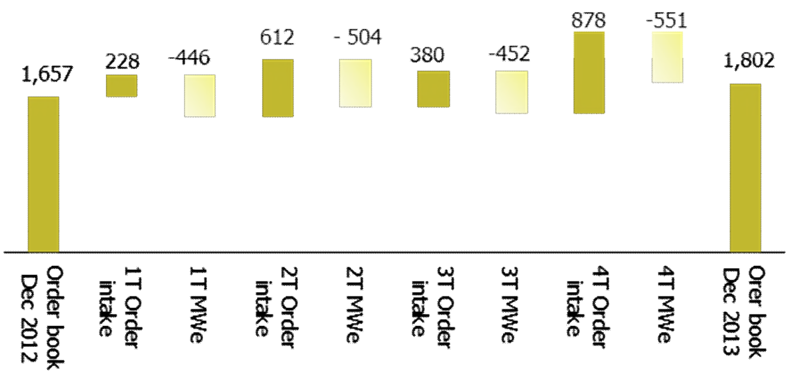
[3] Consolidated figures exclude the impact of non-recurring elements amounting to -€5.6 million in EBIT and net profit. The year-on-year change is calculated with respect to pro forma 2012 numbers, with Energía USA classified under discontinued operations and excluding €550 million in restructuring expenses in EBIT and €600 million in net profit.

[4] Revenues from the WTG manufacturing division exclude O&M division revenues.

In contrast with the year-on-year decline in manufacturing, **O&M revenues expanded by 6% y/y,** but were impacted by a decline in the sale of spare parts during the fourth quarter. O&M services revenues excluding spares increased by 12% year-on-year, slightly faster than the average fleet under maintenance (+9% y/y) and in line with the strategy under the business plan of prioritizing value over volume. In 2013, **the company had an average of 19,657 MW under maintenance and 76.5% of the fleet under maintenance in 2013 is signed for the duration of the plan.**

Order intake also improved considerably throughout 2013, after a weak start. This better performance was especially notable in the fourth quarter, when order intake totalled **878 MW[5], i.e. 54% higher than in the fourth quarter of 2012. This enabled Gamesa to begin 2014 having already covered 60% of its volume guidance** (2,200-2,400 MWe)**.** Of special note in the fourth quarter is order intake in the US, 202 MW for Iberdrola, and in Brazil, 210 for Casa dos Ventos Energias Renováveis, and a framework agreement with EDPR (not included in the order book), also in the US, for 450 MW.

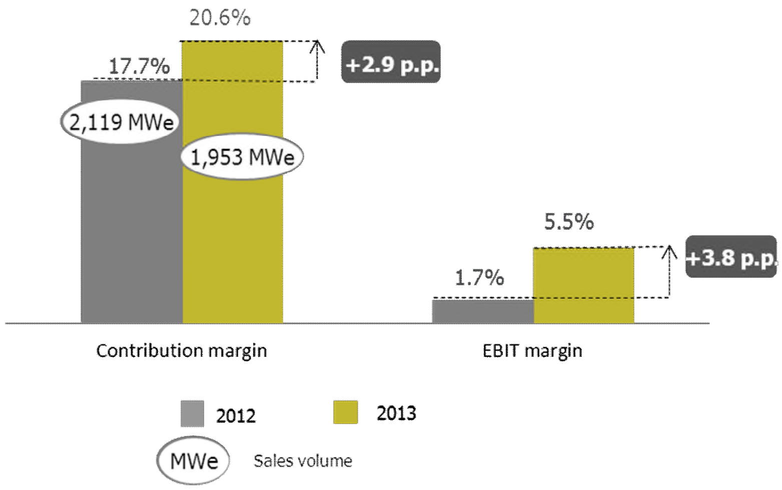
SALES PERFORMANCE (MWe) AND ORDER BOOK (MW)



The **recovery in group profitability** that began with the new Business Plan 2013-2015 **continued throughout 2013**, and the company ended the year with an EBIT margin of 5.5%[6], i.e. 3.8 percentage points higher than in 2012 (1.7%) and slightly above the guidance range (3%-5%) for the year.

[5] Intake of firm orders and confirmation of framework agreements for delivery in the current and subsequent years.
[6] EBIT margin in 2013 excludes a non-recurring net impact of -€5.6 million, EBIT margin 2012 with Gamesa Energía USA classified under discontinued operations, excluding €550 million in extraordinary expenses.

PROFITABILITY[7]

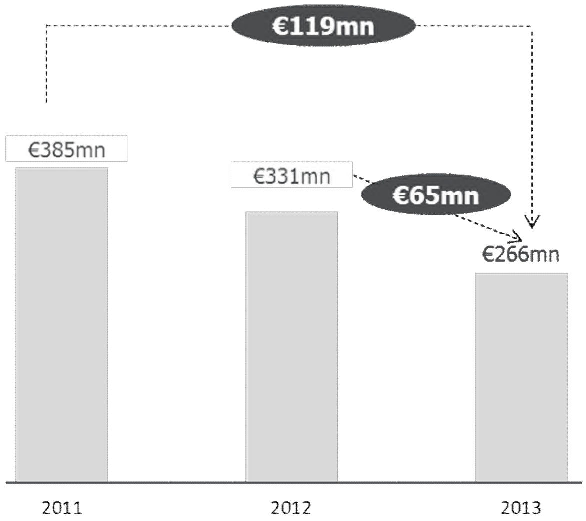


The improvement in profitability is attributable **to sound execution of the programme to save on fixed costs and optimize variable costs**, a favourable project mix, and a strong contribution from the Services division, whose EBIT margin was 11.7% in the period. **Gamesa attained €129 million in EBIT** in 2013, excluding €5.6 million in non-recurring expenses, **i.e. 2.8 times the 2012 EBIT (€47 million[8]).**

The process of restructuring fixed expenses **is ahead of the target, since accumulated savings (compared with the 2011 baseline) amounted to €119 million**, while the target for 2013 was €100 million[9]. Gamesa has reduced the workforce by 1,307 and cut the number of non-manufacturing locations (corporate and commercial offices, and warehouses) by 50 since the end of 2011. This reduction in the corporate structure, together with savings in almost all general expense items and in leases, enabled the company to end the year with fixed costs of €266 million and reduce the operating break-even point to 1,300 MW, i.e. 35% lower than at 2012 year-end.

[7] EBIT margin excludes €550 million in restructuring expenses in 2012; in the same period of 2013, the EBIT margin excludes a net negative non-recurring impact of €5.6 million.
[8] EBIT 2012 of €47 million is pro forma, excluding restructuring expenses of €550 million and with Gamesa Energía USA classified as discontinued
[9] BP 2013-2015 target of reducing fixed costs by €100 million with respect to the 2011 baseline.

FIXED EXPENSES (€mn)



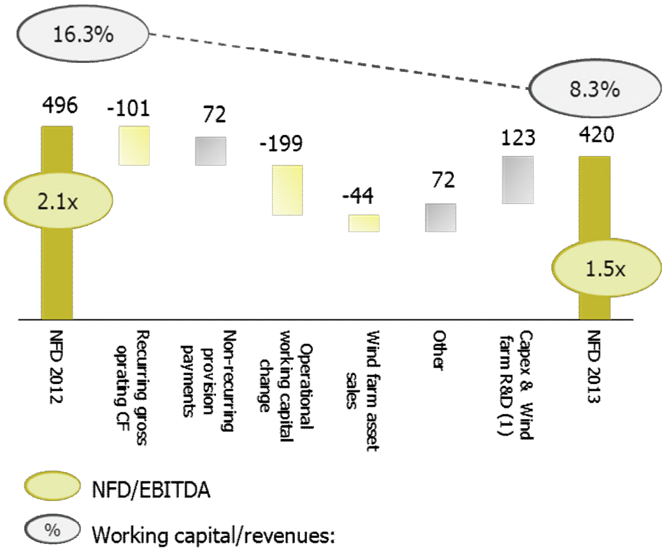
With regard to optimizing variable costs, a range of measures have been taken within the operational excellence programme which will have a steadily increasing impact in the second period of the plan, particularly in 2015. The multidisciplinary teams combining quality, engineering and manufacturing resources are now fully operational. Internal manufacturing capacity has been adjusted to the new demand situation, and new manufacturing processes have been implemented, notably the infusion process for producing blades (representing an investment of c. €12 million in Europe and India since its implementation first started in 2012). In the supply chain, the "build-to-print" strategy has now been rolled out with new suppliers, conditions with existing suppliers are being renegotiated, and numerous product redesigns have been implemented to optimize costs while maintaining reliability and productivity. While the adjustment of internal capacity to the volume and nature of demand and investment in more efficient manufacturing processes will enable the group to ensure the sustainability and profitability of its business going forward, **the reduction in product variable costs across the board while maintaining reliability and productivity is necessary to ensure that wind power is competitive and sustainable in a situation of declining subsidies.**

Together with the improvement in profitability, the measures set out in the business plan in connection with the balance sheet enabled Gamesa to reduce funding needs while also decisively strengthening its balance sheet. The implementation of a new wind farm development model without recourse to the balance sheet enabled Gamesa to reduce working capital associated with the wind farm development pipeline by €96 million. This reduction was also achieved through the sale in Q4 2013 of 44MW of operational wind farms in Germany and Greece, built under a previous model, for €44 million. The implementation of a "manufacturing-to-cash" model, which seeks to better align manufacturing with deliveries and payments, also reduced working capital associated with the former manufacturing division, to reach a working capital/revenues ratio of 6%[10], compared with 12% in 2012.

As a result of the reduction in working capital and more focused investment, **Gamesa ended 2013 with net interest-bearing debt of €420 million, i.e. €75 million less than in December 2012, equivalent to 1.5x EBITDA,** i.e. well below the guidance ratio of 2.5x. Gamesa also reduced non-recourse discounting, from €449 million at 2012 year-end to €250 million at 2013 year-end, reducing total net interest-bearing debt plus non-recourse discounting by €275 million in year-on-year terms.

[10] Working capital/sales for the WTG or Manufacturing division, according to the business structure prior to the 2013-2015 plan, including O&M services and excluding wind farm development and sale.

NET INTEREST-BEARING DEBT (€mn)



1. Operating capex (€110mn) and wind farm R&D expenditure (€12.5mn) in 2013
2. WTG working capital according to 2012 approach

Gamesa ended 2013 with results that surpassed its guidance for the year and a business model that is progressing towards the value vision envisaged for 2015 through a process of trimming fixed costs, optimizing variable costs and focusing capital expenditure.

Main factors

Consolidated results - 2013

These 2013 results reflect Gamesa's compliance with the guidance and confirms the results of actions rolled out as part of the 2013-2015 Business Plan.

- Activity. 1,953 MWe sold, in line with the target of c. 2,000 MW
- Results: recurring consolidated EBIT margin of 5.5%, in line with the target of ≥ 5%
- Sound finances: a net interest-bearing debt/EBITDA ratio of 1.5x for the consolidated group, in line with guidance (< 2.5x)

(€ million)	**12M 2012 [(1)]**	**12M 2013[(2)]**	*% Chg.*	*4Q 2013*
Revenues	2,673	2,336	*-13%*	*681*
Contribution margin	475	482	+1%	127
Recurring CM/Revenues (%)	17.7%	20.6%	+2,9pp	18.7%
EBITDA	234	288	23%	81
EBITDA/Sales (%)	8.7%	12.3%	+3,6pp	11.8%
Recurring EBIT	47	129	2,8X	34
Recurring EBIT/Revenues (%)	1.7%	5.5%	+3,8pp	5.0%
EBIT	-504	123	-	33
EBIT/Revenues (%)	-18.8%	5.3%	+24,1pp	4.9%
Recurring profit (Loss)	-59	51	NA	15
Profit (Loss)	-659	45	NA	14
NFD	496	420	-75	420

(1) presented to 2012 proforma effect of Gamesa Energy USA compared from discontinued.
Non-recurring items: -€550 million in EBIT and -€600 million in net profit.

(2) Non-recurring net items in 2013: -€5.6 million in EBIT and net profit.

Sales

During 2013, Gamesa sold 1,953 MW, i.e. 8% less than in 2012, mainly as a result of the reduction in sales in the US and China. Nevertheless, activity in 2013 was in line with guidance for the full year (c.2,000 MW).

The Wind Turbine Division's activity during 2013 can be broken down as follows:

(MW)	2012	2013	% chg.	Status
MW delivered to customers	**2,495**	**2,027**	-19%	Handover of ownership to customer, in wind farm, or factory; Invoiced.
+ Variation in MWe available Ex Works	**-185**	**150**	NA	Variation in stock of WTG available for delivery to customer; Invoiced Ex Works.
+ Variation in MWe Work in Progress	**-192**	**-170**	NA	Variation in the stock of WTG not available for delivery to customer; Not invoiced.
MWe sold	**2,119**	**1,953**	-8%	

Gamesa continued to expand in emerging markets:

- **Latin America+Southern Cone made the greatest contribution to sales (49%)** and is now the main growth driver (Mexico, Brazil, Chile and Uruguay).
- **Europe and the Rest of the World accounted for 24% of sales.**
- **India accounted for 22% of total sales in the year**, i.e. 10 percentage points higher than its contribution in 2012.

China and Spain are the company's two global manufacturing hubs.

Geographical breakdown of wind turbine sales (MWe) (%)	2012	2013
USA	20%	2%
China	10%	2%
India	12%	22%
Latin America+Southern Cone	32%	49%
Europe and RoW	27%	24%
TOTAL	**100%**	**100%**

Additionally, the **Gamesa 2.0 MW segment accounted for 93% of MWe sold** in 2013, compared with 88% in 2012.

The Services business is progressing in line with expectations. The average fleet under maintenance in 2013 reached 19,657 MW, 9% more than a year earlier.

Profitability

Revenues totalled €2,336 million in the period, i.e. 13% lower than in 2012 (€2,673 million), with Gamesa Energía USA classified under discontinued operations following the discontinuation of those assets in Q4 2012.

The decline in revenues in 2013 is due to lower sales (-8% vs. 2012) and to the reduction in average revenues per MWe, excluding Services. The Services unit provided €365 million in revenues, exceeding the 2012 figure (€344 million).

Average revenue per MW (excluding the contribution by services) was negatively affected by currency fluctuations, Gamesa Energía's lower contribution in 2013, and the smaller proportion of revenues linked to construction. However, those revenues stabilised gradually during the course of the year.

Gamesa obtained €129 million in recurring consolidated EBIT and an EBIT margin of 5.5% in 2013 (compared with recurring EBIT of €47 million in 2012).

The trend in recurring EBIT performance in 2013 with respect to 2012 was attributable to:

- lower sales volumes (-2.7 percentage points),
- improved fixed costs due to rightsizing under the Business Plan 2013-2015 (+3.4 percentage points),
- an improvement in the contribution margin (+3.0 percentage points) due to lower variable costs associated with overcoming the learning curve for the G97-2.0 MW model, cost optimisation initiatives under the Plan 9/15, and the favourable project mix in H1 2013.

As advanced during the year, profitability declined slightly in **H2 (with respect to H1 2013)** because of the project mix in the second half, the larger contribution from civil engineering (which has lower margins) and the effect of emerging currencies devaluation. Nevertheless, profit in the fourth quarter enabled Gamesa to exceed the EBIT margin guidance for the full year (≥ 5%).

The O&M unit contributed positively to improving EBIT. The division had an EBIT margin of 11.7% as a result of action plans under way to increase revenues and profitability faster than MW under maintenance.

Recurring net income in 2013 (€51 million) was impacted by an €8.5 million loss on equity-accounted affiliates (mainly 9REN) and a €3 million charge for discontinued activities.

Balance sheet

Gamesa had €193 million in working capital at the end of 2013, i.e. 8.3% of revenues. This represents a significant decline with respect to 2012 (-€243 million), when working capital amounted to €437 million (16,3% of revenues).

Moreover**,** Gamesa continued to focus on strict control of capital expenditure, ensuring the return on investment and a sound balance sheet. In this line, **capital expenditure amounted to €110 million[11] (1), well below the 2012 figure (€190 million).** Capital expenditure in 2013 focused on:

- R&D for new products and platforms (G97-2.0 MW, G114-2.0 MW, Gamesa 4.5 MW and offshore).
- Adaptation of production capacity to the G97-2.0 MW and the G114-2.0 MW,
- Investment related to manufacturing the Gamesa 4.5 MW platform.

Gamesa ended the year with €420 million in net interest-bearing debt, i.e. less than in 2012 (€496 million). Net interest-bearing debt plus non-recourse discounting amounted to €670 million, in 2013, compared with €945 million at 2012 year-end.

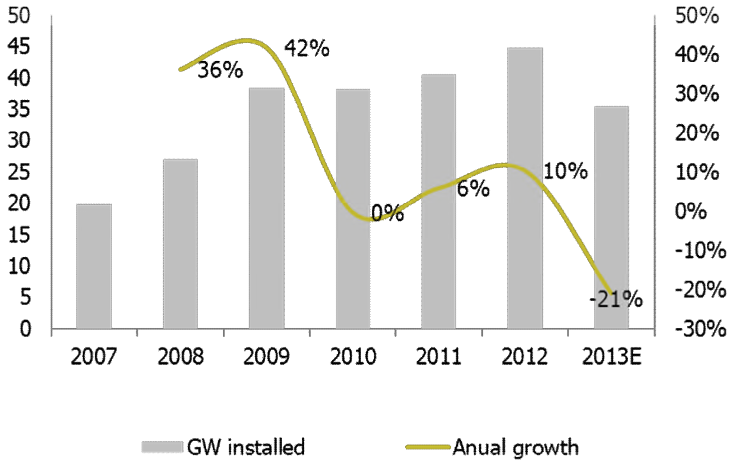
[11] Capex does not include investments in experimental wind farms (€12.5 million in 2013)

2. OUTLOOK

Growing visibility of global demand and of Gamesa's business in the short and medium term

In the last few years, the wind industry has operated against a backdrop of uncertainty and very volatile demand resulting from weak economic performance by the developed countries, a high level of indebtedness on the part of the electric utilities, the industry's traditional customers, and the discovery of new fossil fuel deposits. In this situation, demand has shifted gradually from Europe and the United States towards the emerging markets of Asia and Latin America, and from large utilities to independent power producers. This transition was accompanied by a significant reduction in growth rates, which the Gamesa 2013-2015 business plan was designed to address; the result was that the pace of installations fell for the first time in 2013 (E).

Trend in annual installations 2007-2013E (GW)

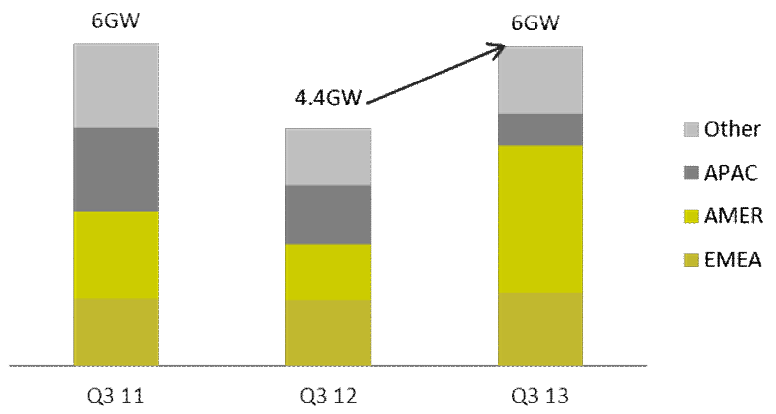


Source: Global Wind Energy Council (GWEC)

Following the decline in installations in 2013 (E), the industry faces the next two years with much greater visibility as regards demand, which is corroborated by the increase in commercial activity in 2013, particularly in the second half of the year[12].

[12] Final information on orders signed in Q4 2013 pending publication at the date of this report. Year-on-year growth in Gamesa order intake in Q4 2013: +54%.

Firm orders Q3 2011-Q3 2013 (GW)



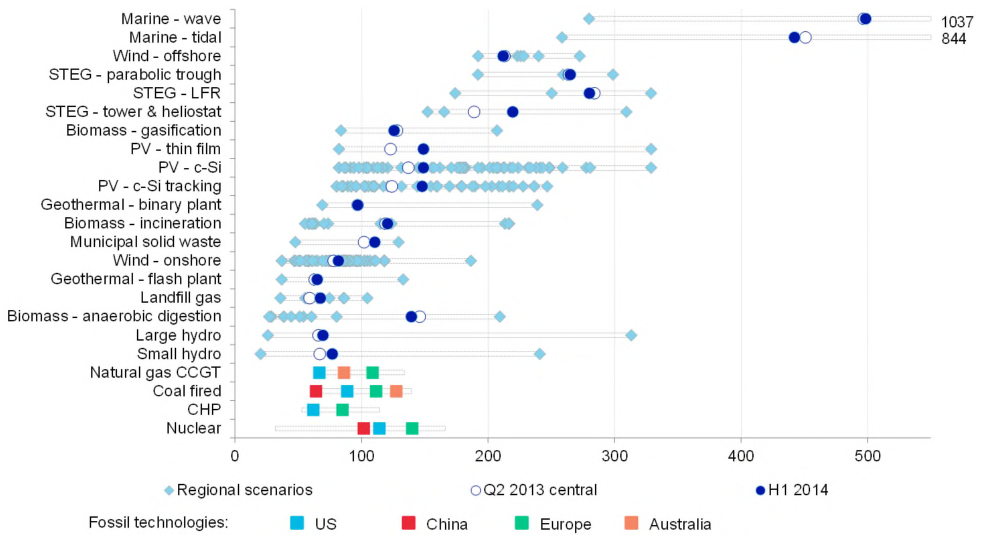
Source: MAKE (Q4 Global Wind Power Market Outlook Update)

The recovery in the pace of installations in 2014-2015, following the decline in 2013, will be sustained by three factors: the steady improvement in competitiveness and thus of wind power, energy needs in the emerging markets, and the recovery by the US market.

Wind power's competitiveness: the key to demand growth in the short, medium and long term

As a result of the rapid evolution in the cost of wind energy since inception, it is now one of the most mature renewable energy sources in terms of costs, as shown in the graph.

LEVELIZED COST OF ELECTRICITY (LCOE USD/MWh)



Source: Bloomberg New Energy Finance

This maturity has enabled it to compete on favourable terms with traditional sources at high wind locations, as evidenced by the development of projects in such markets as Mexico and Peru and by the outcome of the auctions in Brazil.

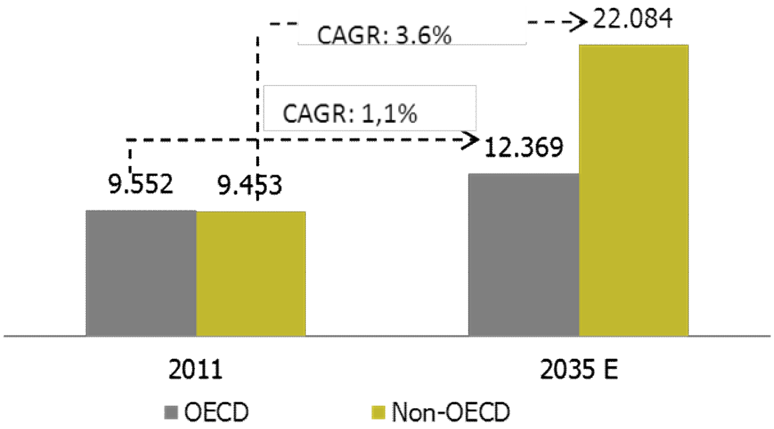
However, the race for competitiveness is not over and work to develop new wind power products remains focused on improving the cost of energy at low and medium wind sites, which are expected to attain grid parity in 2015-2016. In its report on global trends in the wind industry, MAKE estimates that the products launched since 2011 have contributed to the 12% reduction on average in the cost of energy and that the next generation of products that will come on the market in the next few years will contribute an additional 7% reduction.

This sustained commitment to increasing competitiveness is essential to enable the wind industry to play a relevant role in the design of Europe's future electricity systems at a time when costs are a priority.

Energy demand in growing economies

One of the main reasons for the slowdown in demand and the geographic shift from developed to developing economies was the impact of the weak economic situation on electricity demand. According to the International Energy Agency's World Energy Outlook 2013, 80% of growth in electricity demand over the next 20 years will come from the emerging economies; this projection is supported by the prospects of economic growth in those countries, where energy consumption per capita is currently very low.

ELECTRICITY DEMAND, BY REGION (TWh)

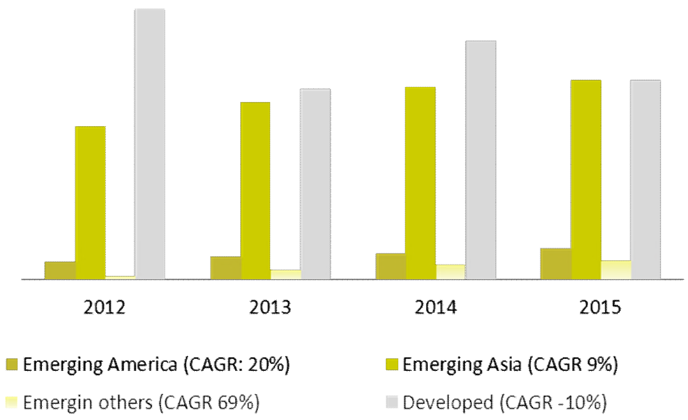


Source: IEA (World Energy Outlook 2013)

Economic growth is not the only factor driving the demand for electricity; many countries also need to reduce their excessive dependence on a single energy source, such as hydroelectricity in Brazil (70% of total supply), and coal in China (>60%) and India. In the latter case there are two additional factors: a 10% shortfall with respect to peak demand, and 40% of the population that does not yet have access to electricity.

In this situation, these and other emerging countries have resorted, or are beginning to resort, to wind power as a means of meeting their growing energy needs while diversifying away from a single source. China's 12th Five-Year Plan plans to have 105 GW of installed capacity by 2015, and 200 GW by 2020, and India plans to have 15 GW of wind capacity by the year 2017.

WIND INSTALLATIONS 2012-2015E

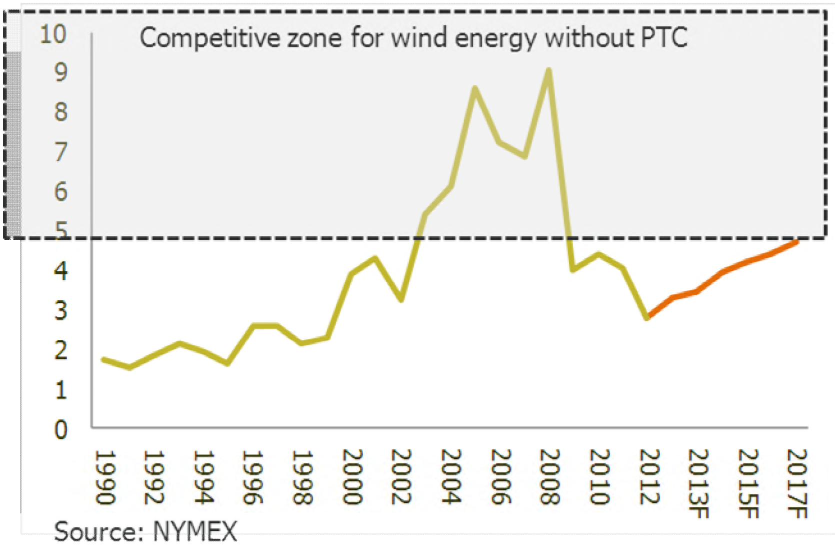


Source: BTM (World Market Update March 2013)

Recovery in the US market

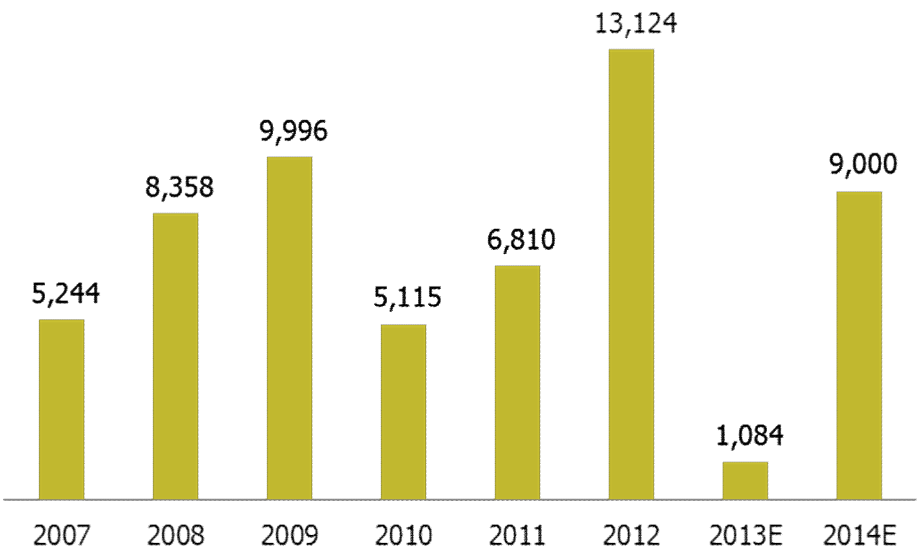
The third factor behind greater demand visibility is the recovery by the US, the market that was the main reason for the slowdown in the pace of installations in 2013. The development of the US market has been shaped by renewable regulation based on short-term production/investment incentives, supported by renewable targets whose obligatoriness varies from state to state. This situation has generated a sawtooth pattern of demand, in which years with a strong pace of installation are followed by years of sharp contraction down to the levels imposed by the states where renewable targets are binding. This demand cycle has been exacerbated on the downside by low gas prices, which greatly reduce wind's competitiveness despite the existence of numerous high and medium wind sites.

GAS FUTURE PRICE CURVE (USD/MMBtu)



In this situation, the fact that the production and investment incentives for renewables were not renewed until December 2012 paralyzed new orders in that year, as reflected in the contraction in installations in 2013, but nonetheless assured a recovery in installations in 2014, as shown in the graph.

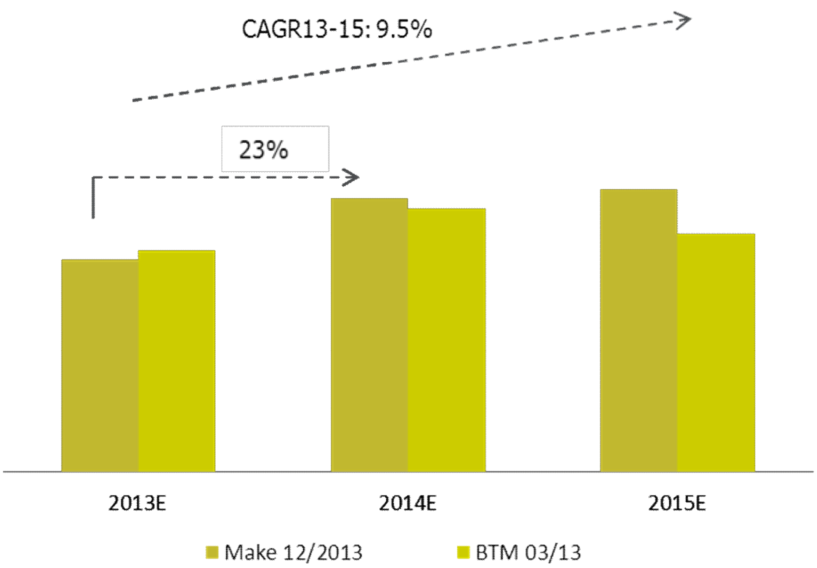
CONTRACTION/EXPANSION CYCLE AND DEMAND RECOVERY IN THE US (MW)



Source: BTM (World Market Update March 2013)

In this situation, considering the impact of wind's growing competitiveness, energy demand in developing countries and the recovery by the US market, Gamesa, taking a slightly more conservative position than a number of external consultants, estimates 20% onshore demand growth in 2014 and stable installation volume in 2015.

INSTALLATIONS 2013E-2015E



Beyond 2015, other factors such as the economic recovery in Europe, closure of obsolete capacity in markets such as the UK and nuclear capacity in countries such as Germany, renewable targets and, above all, wind energy's increased competitiveness support single-digit growth in the pace of installation.

In this market context, Gamesa has a number of advantages that support business volume growth in line with the market in the short and medium term. Firstly, its considerable commercial diversification: wind turbines installed in 42 countries, sales offices in 18 countries and relations with over 200 customers in a broad range of sectors: large utilities, IPPs, finance companies and industrial groups. Moreover, in 2013 it made sales in three new countries and gained over 20 new customers.

Within this commercial diversity, the company has a solid position in fast-growing emerging markets such as India, Brazil and Mexico. This position, which represents a major competitive advantage within the industry because of the slowdown in installations in Europe, was achieved due to

- early entry into some of these markets, such as Mexico,
- involvement in the wind farm development activity, which is vital for the self-consumption segment in India and Mexico
- strong knowledge of local markets
- a product that is a good fit to customer needs, and, finally
- a supply chain and manufacturing presence that adapts to each market's requirements.

Gamesa has also benefited from the recovery in the US market, where it signed 248 MW in orders in the fourth quarter as well as a framework agreement with EDPR for 450 MW, ending 2013 with 9% growth in the order book, having covered 60% of projected activity for 2014 (2,200-2,400 MWe).

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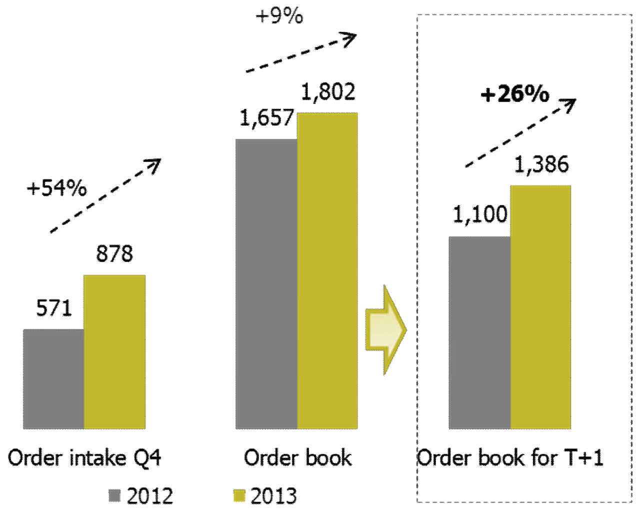
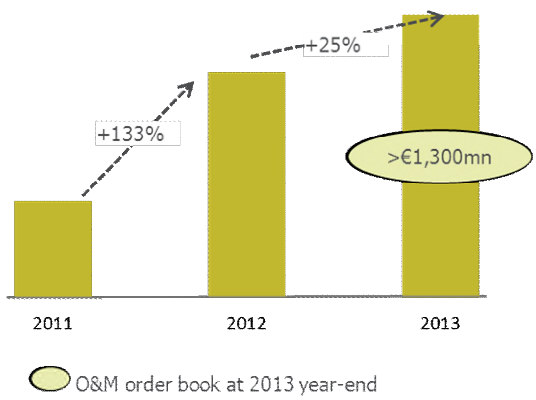
ORDER BOOK (MW)



Gamesa enters 2014 not only with greater visibility on its manufacturing activity and wind turbine sales but also with solid prospects for the Operation and Maintenance division, all fully aligned with the targets of the business plan. The order book has expanded by 133% and 25%, respectively, in the last two years, and amounted to €1.3 billion at 2013 year-end.

ORDER INTAKE



Moreover, in 2013 the company retained/recovered 6,000 MW and 76.5% of the fleet under maintenance is signed for the entire duration of the plan. Over 70% of wind turbines sale agreements that include a service contract have an average term of over two years (10 years on average) and almost 70% of the plant under maintenance has a full-service contract.

The trend in all these parameters evidences that the company's operation and maintenance business is sound and underpins its future prospects. In 2014, Gamesa will continue to promote the value-added products in this area: useful life extensions, power curve enhancements, availability improvements, and reductions in wind farm operating expenses, all of which offer considerable value to customers in a situation of tariff adjustments.

Implementation of the business plan: continuous improvement in profitability, and focused capex

As noted above, the business plan that Gamesa presented to the market in October 2012 and implemented that same year is a response to the need to be profitable in a situation of slower demand growth. In 2013, Gamesa focused on attaining a leaner structure to adapt to the new market situation and on implementing measures to optimize product costs whose impact will be felt gradually but will not be fully visible until 2015.

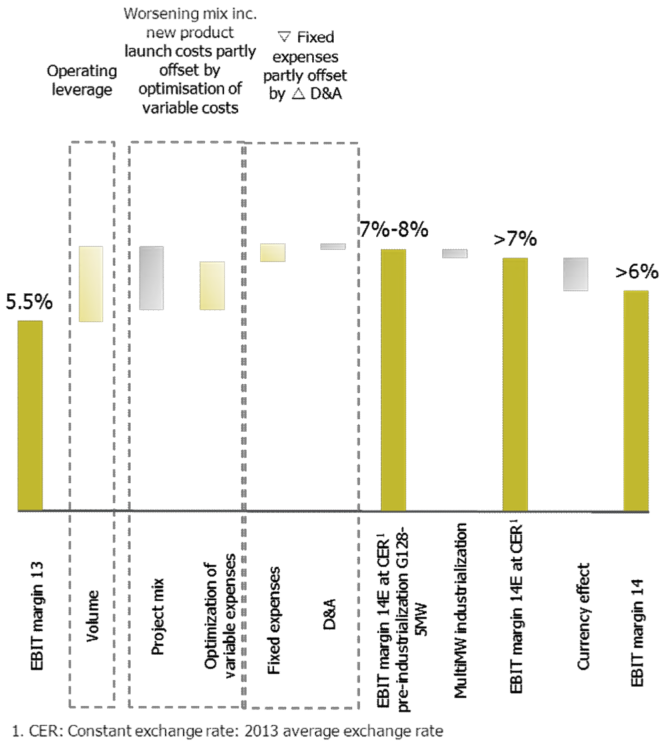
The reduction in the breakeven point as a result of adopting a structure more in line with current demand will contribute significantly to improving profitability in 2014 because of the projected increase in business volume. Moreover, the company will continue to reduce fixed costs in 2014, enabling it to achieve a ratio of fixed costs to revenues below the 10% target, offsetting the expected increase in depreciation and amortization in 2014.

As for variable costs and the projected trend in contribution margin, the impact of the measures adopted in 2013 and of those that will be implemented in 2014, coupled with the strategy of constantly aligning internal capacity to demand, plus the rising contribution from O&M services will offset the deterioration in the project mix during the year, including the cost of launching new products such as the G114-2.0 MW. In this way, Gamesa expects to attain a recurring EBIT margin of 7.0-8.0%, which will nevertheless be depressed to the lower end of the range (7%) because of the cost of tooling up for the multiMW platform. The learning curve (industrialization costs) of that platform will decline significantly in 2015, when the contribution margins of MW and multiMW projects are expected to be similar.

To minimise the negative impact of foreign currency movements, €10 million in operating profit in 2013, Gamesa is now actively managing exchange rate risk based on the relationship between costs and risks and on the company's projections for the currencies to which it is exposed (mainly the Indian rupee, the Brazilian real, and the US dollar). As part of this policy, Gamesa has a natural hedge because of localizing its costs (70% of the total in India and Brazil). Moreover, Gamesa started to implement a policy of indexing contracts with clients to transfer to them the variation of the exchange rate on those costs that are in a different currency to that of the contract currency. Last, Gamesa arranges hedges for contracts that are not indexed to cover the exchange rate moves from the time of the indexation to the collection time.

Despite this active management policy, which will be improved in the future as the company progresses with localizing components, Gamesa estimates that recent currency fluctuations will have an impact on EBIT amounting to one percentage point of revenues in 2014, reducing the EBIT margin at constant exchange rates from over 7% to a range of >6% in current terms.

EBIT MARGIN PROSPECTS 2014

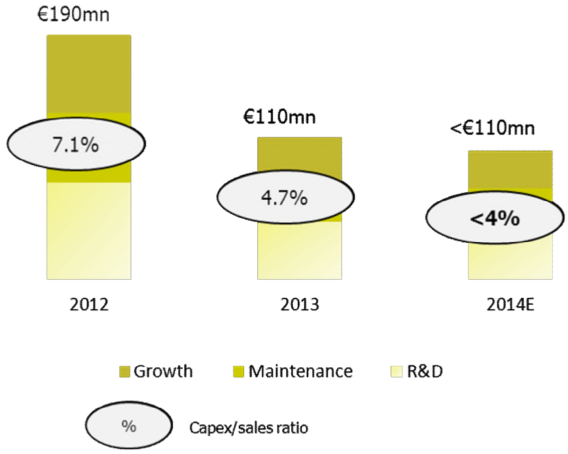


The measures in the business plan are not confined to optimizing the structure and product costs; they also focus on strengthening the balance sheet through stricter management of working capital and lower investment intensity, in line with market demands. Lower intensity of capital expenditure is also facilitated by:

- The Make&Buy strategy, with a greater contribution from outsourcing, which makes it possible to reduce investment in manufacturing plant and tooling
- Product modularization and simplification (the key to reducing variable costs)
- Leveraging the MW and multiMW platforms to develop new products

These factors enable the company to project capital expenditure below the 2013 level (€110 million), i.e. less than 4% of estimated revenues.

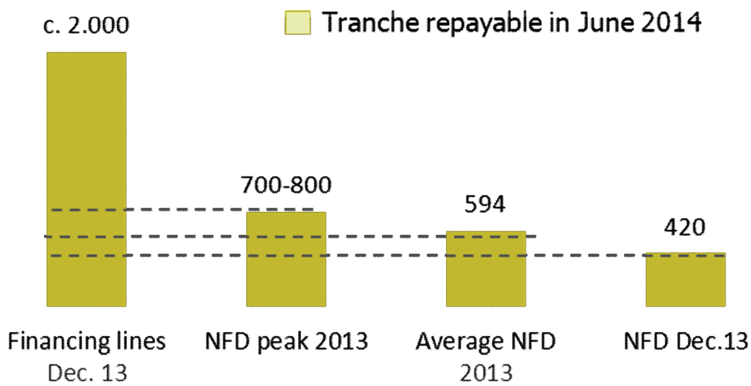
GREATER FOCUS, LOWER INTENSITY: ALIGNING INVESTMENT WITH MARKET NEEDS



Capital management: funding the BP 2013-2015 organically

All these actions—trimming the structure, optimizing product costs, and focusing investment—make a decisive contribution to reducing the business's funding needs. Those needs have also been reduced by more effective management of working capital due to the implementation of the new business model at Gamesa Energía, which does not resort to the balance sheet, and greater alignment between manufacturing, delivery and collection. This situation, coupled with the prospect of positive net free cash flow within the horizon of the business plan, enable Gamesa to pay off the first tranche of the syndicated loan without having to refinance it in the capital markets.

FUNDING NEEDS AND AVAILABILITY 2013 (€mn)



Advancing with the offshore strategy: agreement with Areva

In addition to organic development of the plan, which is continuing in 2014, Gamesa is beginning to advance with its offshore strategy, having announced an outline agreement with Areva. Successful conclusion of the outline agreement will enable both companies to expand opportunities in the offshore segment while reducing their respective levels of capital expenditure, maximizing the returns of entering this segment by pooling:

- Areva: 4 years' offshore experience, with manufacturing capacity, a working product and an order book,
- Gamesa: 20 years' experience in the onshore value chain with solid expertise in development, manufacturing and supply chain management, as well as a cutting edge multiMW technology, as applied in the G128-5MW offshore prototype.

The joint venture would also have two products in the segment where most demand would be concentrated in the short and medium term: 5MW-6MW, with Areva's M5000 and Gamesa's G128-5MW offshore wind turbines.

Gamesa's G128-5MW offshore turbine, a prototype of which is already operational, includes proprietary patented leading-edge technology:

- **Gamesa Multismart** ®— Less vibration and loads 30% lower
- **Gamesa CompacTrain** ®— fewer components and lower costs
- **Gamesa GridMate** ®— modularity and redundancy to minimize downtime

The nacelle has redundant systems that minimize downtime, provide a rapid startup and ensure a short shutdown time in high wind conditions. It also has a monitoring system to minimize maintenance time and costs. The G128-5MW has had 1.3 million hours of development and $300,000 on validation so as to minimize the adaptation time required to obtain total reliability. The type certificate is expected to be obtained in the first quarter of this year with a view to beginning to market this product.

Conclusions – Beating goals, resuming value creation

Gamesa Corporación Tecnológica ended the first year with solid results, having exceeded all the financial commitments made to the market for 2013 and generat0d €75 million in free cash flow in the year:

- 1,953 MWe in sales,
- EBIT margin of 5.5%[13], above the 2013 guidance and in line with the projection as updated in November 2013
- net interest-bearing debt of €420 million, i.e. 1.5 times group EBITDA.

Business stabilized during the year as did sale prices, rising in the fourth quarter. Order intake followed a similar trend, rising steadily to attain 54% growth year-on-year; as a result, Gamesa ended the year with an order book of 1,802 MW, i.e. covering 60% of projected sales for 2014.

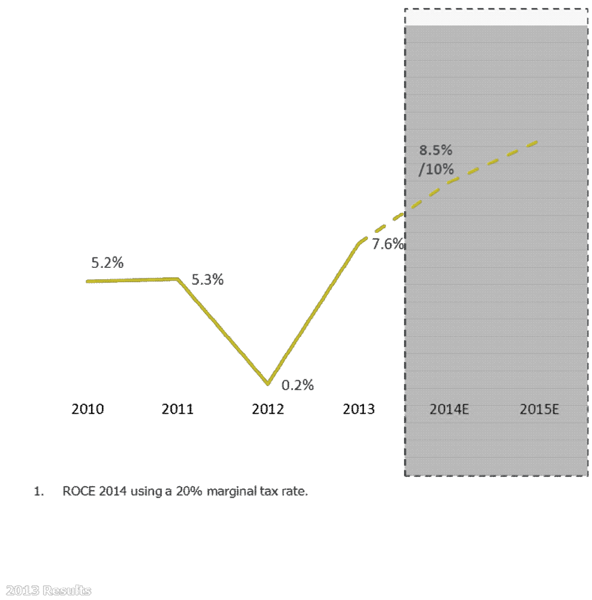
However, more important than the financial results is the implementation of a leaner, more flexible organization, with a manufacturing structure and capacity that is constantly being adapted to the

[13] EBIT margin guidance: 3%-5%.EBIT margin including €5.6 million in non-recurring costs, mainly due to impairments for the wind farm pipeline.

market, as variable costs are steadily being optimized. All these factors plus an improvement in demand enable the company to **project steady growth in volume and profitability in 2014 as it works to create shareholder value**.

It is becoming clear that the measures under the business plan are creating an organization capable of **staying in the black throughout the cycle, from peak to trough, with lower funding needs, in line with the vision for 2015** assuming constant exchange rates.

PROJECTED ROCE



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In the event of a discrepancy, the Spanish version prevails.

3. MAIN BUSINESS RISKS

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

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

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

4. USE OF FINANCIAL INSTRUMENTS

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

5. SUBSEQUENT EVENTS

We refer to Note 38 of the Consolidated Notes to the Annual Accounts and Note 21 of the Notes to the Individual Annual Accounts.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

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

In 2013 the main addition to “Research Development” under intangible assets was due to the development by Gamesa Innovation and Technology, S.L. of new wind turbine models and to the optimisation of the performance of their components amounting, in total for the entire Group, approximately €58,162 thousand (approximately €74,904 thousand in 2012):

In 2012, and within the framework of the new Business Plan 2013-2015 (Note 1 of the Notes to the Consolidated accounts), there have been significant changes of a marked technological character, among others, regarding the new strategic orientation for the evolution of the new products and platforms such as new manufacturing processes. This change, both in products and technology, gave rise to Gamesa having recorded €127 million for impairment, recorded under the heading "Net asset impairment losses" in the consolidated income statement for 2012.

The mentioned impairment mainly related to those development expenses incurred to date and, specifically, to projects relating to a certain Multi-MW blade design and off-shore platforms up until the business plan (Note 9 of the Notes to the Consolidated Notes to the Accounts).

7. TREASURY SHARE OPERATIONS

At 31 December 2013 Gamesa holds a total of 3,071,587 treasury shares representing 1.21% of share capital.

The total cost for these treasury shares totals €21,340 thousand, each with a par value of €6,948.

A more detailed explanation of transactions involving treasury shares is set out in Note 18 of the Notes to the Consolidated Financial Statements (Note 12.c of the Notes to the Individual Financial Statements).

8. CAPITAL STRUCTURE

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

In accordance with Article 4 of the Bylaws of Gamesa Corporación Tecnológica, S.A., in the wording approved on 24th July, 2012 by resolution of shareholders at a General Meeting held on 29 June 2012 and revised by shareholders at a General Meeting held on 19 April 2013 *"Share capital totals EUR 43,159,721.89 divided into 253,880,717 ordinary shares with a par value of seventeen cents each, numbered sequentially from 1 to 253,880,717, consisting of a single class and series."*

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information in the possession of GAMESA CORPORACION TECNOLOGICA, S.A. the capital structure at 31 December 2013 is as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
IBERDROLA, S.A.	49,980,788	0	19.687
BLACKROCK, INC.	0	12,258,161	4.828
NORGES BANK	8,364,126	0	3.295
DIMENSIONAL FUND ADVISORS LP	0	7,473,500	2,944[1]

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

(*) Through:

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

9. RESTRICTIONS ON THE TRANSFER OF SHARES

There are no restrictions on the transfer of shares.

10. SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

See point 8.

11. RESTRICTIONS ON VOTING RIGHTS

There are no restrictions of any kind on voting rights.

12. SHAREHOLDER AGREEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

a) In the case of Directors appointed to represent shareholder interests, where said Directors or the shareholders they represent should cease to hold a significant and stable shareholding in the Company, or where the said shareholders should revoke the representation conferred on the Director.

b) In the case of executive Directors, where the Board of Directors should consider this appropriate.

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

d) In the case of independent Directors, where they should incur for any reason in any of the circumstances envisaged by Article 8 point two of the Regulations, which are incompatible with the status of independent Directors.

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

f) Where they are charged with an alleged criminal offense, or are served with notice that they are to be tried for any of the offenses listed in the provisions relating to disqualification from holding the office of director envisaged in the Spanish Capital Companies Act, or are the subject of disciplinary proceedings for a serious or very serious offense commenced by the regulatory authorities.

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

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

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

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

Rules applicable to the amendment of the Corporate By-laws

The amendment of the Gamesa Corporación Tecnológica, S.A. Corporate By-laws is governed by the provisions of Articles 285 to 290 of the Spanish Capital Companies Act, without any requirement for reinforced majority beyond those provided for by Article 201 of that legal text.

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

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

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

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

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

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

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

Powers relating to the possibility of issuing or repurchasing shares

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to the framework agreement dated 21 September 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.

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

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

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

ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES

IDENTIFYING DATA OF THE ISSUER

END DATE OF THE REFERENCE YEAR: 12-31-2013

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
07-25-2012	43,159,721.89	253,880,717	253,880,717

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.	49,980,788			19.687
BLACKROCK, INC.			12,258,161	4.828
NORGES BANK	8,364,126			3.295
DIMENSIONAL FUND ADVISORS LP			7,473,500	2.944

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

Shareholder's name or company name	Operation date	Operation description
NORGES BANK	04/05/2013	Increased its shareholding more than 3% up to 3.295%

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	0.054 %
Moreu Munaiz, Manuel	2,000	María del Carmen Gamazo Trueba	2,000	0.002 %
Castresana Sánchez, Ramón	2,060		0	0.001 %
Martín San Vicente, Ignacio	1,030		0	0.000 %
Rubio Reinoso, Sonsoles	1,030		0	0.000 %
Lada Díaz, Luis	519		0	0.000 %
Aldecoa Sagastasoloa, José María	500		0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	315		0	0.000 %
Aracama Yoldi, José María	207		0	0.000 %
Vázquez Egusquiza, José María	0		0	0.000 %

Total % of voting rights in the power of the Board of Directors	0.058 %

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 4 of the Securities Market Law. Where applicable, identify it:

Yes ☐ **No X**

Name or company name

Observations

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

At the year end date:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
3,071,587	0	1.21

(*) Using the:

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

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

Communication date	Total of direct shares acquired	Total of indirect shares acquired	Total % of share capital
02-06-2013	2,605,004		1.027
02-26-2013	2,749,089		1.082
03-26-2013	2,708,473		1.065
04-25-2013	2,659,179		1.045
05-24-2013	2,679,926		1.056
06-10-2013	2,628,959	37,364	1.050
07-08-2013	2,709,186		1.066
08-02-2013	2,611,884		1.029
09-12-2013	2,633,302		1.037
10-10-2013	2,602,067		1.025
11-08-2013	2,612,355		1.028
12-18-2013	2,585,889		1.018

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

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

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

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

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

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

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

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

Yes ☐ **No X**

Description of the restrictions

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

Yes ☐ **No X**

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

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

Yes ☐ **No X**

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

B GENERAL MEETING

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

Yes ☐ **No X**

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

Description of the differences

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

Yes ☐ **No X**

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

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

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

The amendment of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s by-laws is governed by the provisions in Articles 285 to 290 of the Capital Companies Law approved by Legislative Royal Decree 1/2010, dated July 2 without requiring a enhanced majority other than the ones established in Article 201 of the referred to legal text.

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

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

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

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

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

	Attendance data				
			% distance voting		
General meeting date	**% physical presence**	**% represented**	**Electronic vote**	**Others**	**Total**
04-19-2013	21.88	17.17	0.00	0.00	39.05
06-29-2012	23.66	8.43	0.00	0.00	32.09

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

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

Yes ☐ **No X**

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

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

Yes X **No X** ☐

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

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

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

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

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

As in the previous years of 2008, 2009, 2010, 2011 and 2012, it is worth noting that the Company has finished (in compliance with the internal regulation on maintenance and updating the corporate website), the monthly revision of the mandatory content, proceeding, where necessary, to updating it in the maximum period of twenty days in 2013.

C THE COMPANY'S ADMINISTRATION STRUCTURE

C.1 Board of Directors

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

Maximum number of directors	15
Minimum number of directors	3

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

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

Total number of directors	10

Indicate any resignations in the Board of Directors during the period subject to information:

Director's name or company name	Condition of the director at the time of resignation	Leave date
Ferrero-Waldner, Benita	Other External Directors	02-27-2013

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

EXECUTIVE DIRECTORS

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

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

EXTERNAL PROPRIETARY DIRECTORS

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

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

INDEPENDENT EXTERNAL DIRECTORS

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

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

	Committee and Executive Chairman of Telefonica Moviles, S.A. In August, 2003, he assumed the General Directorate of Development, Planning and Regulation of the Telefonica Group. Between December 2005 and July 2006 he was Executive Chairman of Telefonica de España. Currently, he is Sole Administrator of Ribafuerte, S.L., Chairman of Perlora Inversiones, member of the Board of Directors of Indra Sistemas and member of its Executive Committee and of its Audit and Compliance Committee, and member of the Board of Directors of Telefónica I+D; Advisor of ASSIA Inc. and member of the Círculo de Empresarios and of the Consejo del Colegio de Ingenieros de Telecomunicación. He has been member of the Government Board and Vice Chairman of the Spanish Telecommunications Engineers Association, as well as member of the Board of Directors of several companies of the Information Technology field. He has been awarded with different professional and business honours.
Aldecoa Sagastasoloa, José María	Born in Zaldibar (Vizcaya), he holds the position of member of the Board of Directors and of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Holds a Degree in Electronic Technical Engineering by the University of Mondragón and PADE (*Programa de Alta Dirección de Empresas*) by the IESE. Along his professional career he has hold different posts in the private sector, like diverse Technical and Management in COPRECI (1971-1982), the post of Management Director of FAGOR ELECTRÓNICA and he was also member of the Management Counsel of Fagor, S. Coop. (1982-1991). Between 1984 and 1991 he was Deputy Chairman of ANIEL (*Asociación Nacional de Industrias Electrónicas*) and Chairman of the Board of Components. Likewise his post as member of the Management Board of the European Association of electronic components (EECA) between 1986 and 1991 shall be pointed out. From 1992 until 2012 his professional career was developed in MONDRAGON CORPORACION holding diverse posts like

	Deputy Chairman (1992-2006), General Director of the Components Division (1992-1999), Chairman of the Congress and of its Permanent Committee (1994-1995), General Director of the Automotive Division (1999-2006), and he was also member of the General Board (1992-2006). In 2007 he was appointed Chairman of the General Board, post he held until July 2012. He was also Chairman of the Engineering School of the Univeristy of Mondragón (1998-2002). He also held the post of member of the Board of Directors of diverse companies of components and the automotive sector (Copreci-Chequia, Copreci-Mexico, Vitorio Luzuriaga, Fagor Ederlan-Brasil, Paranoa-Cicautxo-Brasil, FPK, Fagor Ederlan-Eslovaquia), and the post of member (1992-2006) and Chairman (2007-2012) of MONDRAGON INVERSIONES. Currently he holds the position of external independent Director in VISCOFAN, S.A. and member of its Audit Committee.
Arregui Ciarsolo, Juan Luis	Born in Mallavia (Vizcaya). He is currently Deputy Chairman of the Board of Directors, member of the Executive Committee and member of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. He holds a Technical Engineering Degree from the Bilbao School of Engineering, holds a degree in Numerical Control from Wandsdorf, Germany and has a Master in Micromechanics from Besançon, France. He is the Chairman of Viña Izadi, S.A. since 1987 and of Foresta Capital, S.A., since 2002, having taken part in founding both companies. He is also the President of ENCE Energía y Celulosa, S.A. since 2006, Director of GRL Aceite since 2000, and First Deputy Chairman of Cartera Industrial Rea, S.A. since 2008. He held the position of Director of Iberdrola, S.A. (1993-2010), holding the posts of member of the Audit Committee (1999-2001), member of the Executive Committee (2002-2010), member of its Appointment and Remuneration Committee (2004-2010) and Deputy Chairman of the Board of Directors (2006-2010).

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

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

Total number of independent directors	6
Total % of the board	60

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

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

Director's name or company name	Relationship description	Reasoned statement

OTHER EXTERNAL DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explanation of the reasons

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

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

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

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

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

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

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

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

Shareholder's name or company name	Reason

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

Yes ☐ **No X**

Shareholder's name or company name	Explanation

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

Director name	Reason for resignation
Ferrero-Waldner, Benita	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**

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

See note (C.1.12) in Section H of this report.

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

Yes X **No ☐**

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

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

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

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

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

Remuneration of the Board of Directors (thousands of euros)	2,621
Amount of the overall remuneration which corresponds to the rights accumulated by the directors regarding pensions (thousands of euros)	0
Overall remuneration of the Board of Directors (thousands of euros)	2,621

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
Iñarritu Ibarreche, Juan Ramón	Financial General Director
Mesonero Molina, David	Business Development Director
Cortajarena Manchado, José Antonio	General Corporate Director and General Secretary
Zarza Yabar, Félix	Internal Audit Director

Total remuneration for Senior Management (in thousands of euros)	2,177

See note (C.1.16) in Section H of this report.

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

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

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

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

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

Yes X **No** ☐

Amendment description
During 2013, an amendment was made to the Board of Director's Regulations. This amendment was approved by the Board of Directors at its meeting on February 27, 2013. <u>Justification and scope of the amendment:</u> The following are the main objectives of the reform to the Board of Director's Regulations, approved by the Board of Directors at its meeting on February 27, 2013: i) the permanent adaptation of the Company's Corporate Governance System to the best corporate governance practices, in line with the most extended trends in the markets and practice of other listed companies; ii) the update and improvement of the wording of the Board of Director's Regulations, clarifying, revising or developing the regulation of certain matters in light of recent legislative reforms regarding commercial matters; iii) the amendment of certain aspects of the resignation of directors, the remuneration of directors, the lead director, competencies of the Appointment and Remuneration Committee and the possible authorization or release provided in Article 34 of the Board of Director's Regulations; and iv) the incorporation of some technical and systematic improvements to the wording of the Board of Director's Regulations, using the proposed amendment.

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

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

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

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

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

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

<u>Accepted appointments:</u>

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed to ratify the appointment as an external independent member of the Board of Directors and the appointment for the period in the by-laws of four years, of Mr. José María Aldecoa Sagastasoloa, designated by co-optation by the Board of Directors, proposed by the Appointment and Remuneration Committee, at its meeting on July 25, 2012 (Significant Event 170849).

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed to ratify the appointment as an external proprietary member of the Board of Directors and the appointment for the period in the by-laws of four years, of Mr. Ramón Castresana Sánchez, designated by co-option by the Board of Directors, after a report from the Appointment and Remuneration Committee, at its meeting on July 25, 2012 (Significant Event 170849).

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed to ratify the appointment as an external independent member of the Board of Directors and the appointment for the period in the by-laws of four years, of Mr. Manuel Moreu Munaiz, designated by co-optation by the Board of Directors, proposed by the Appointment and Remuneration Committee, at its meeting on March 8, 2013 (Significant Event 183540).

<u>Re-election procedure:</u>

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

<u>Held re-elections:</u>

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed on the re-election of Mr. Carlos Rodríguez-Quiroga Menéndez for the period in the by-laws for four years as executive member of the Board of Directors.

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed on the re-election of Mr. Juan Luis Arregui Ciarsolo for the period in the by-laws of four years as an external independent member of the Board of Directors.

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed on the re-election of Mr. Luis Lada Díaz for the period in the by-laws of four years as an external and independent member of the Board of Directors.

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of the Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed on the re-election of Mr. José María Aracama Yoldi for the period in the by-laws of four years as an external independent member of the Board of Directors.

In accordance with Significant Events 185437 and 185498 sent to the CNMV on April 19, 2013, the Ordinary General Meeting of Shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed on the re-election of Mr. José María Vázquez Egusquiza for the period in the by-laws of four years as an external independent member of the Board of Directors.

Evaluation procedure:

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

In exercising this regulatory provision, the Appointment and Remuneration Committee submitted separate reports on the evaluation of the Chairman and CEO of the Company, the Board of Directors, the Executive Committee and of the Appointment and Remuneration Committee itself to the Board of Directors on their functioning which were examined and approved by the Board at the meeting on January 29, 2014.

Resignation procedure:

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

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

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

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

Yes X **No** ☐

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

Amendment description

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

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

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

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

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

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

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

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

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

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

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

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

<u>Occurred resignations:</u>

In accordance with Significant Event 183061 sent to the CNMV on February 28, 2013, at the meeting of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held on February 27, 2013, the female director Ms. Benita Ferror-Waldner (with the condition of "other external directors") provided notification of her resignation as Member of the Board of Directors.

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

Yes X **No X**

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

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

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

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

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

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

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

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

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

4. Competencies of the Board of Directors

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

5. <u>Evaluation of the Chairman and CEO</u> Article 20.7 of the Board of Director's Regulations establishes that *"before the end of each year, the Board of Directors shall draw up an annual plan for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and effectiveness of its operations, (ii) the chairman's and chief executive officer's performance of their responsibilities, based on a report prepared by the Appointment and Remuneration Committee, and (iii) the operation of the committees, based on the reports they submit to the Board of Directors."* As a result, the CEO's and Chairman's performance of their duties, in addition to reproaching the shareholders, is subject to the control of the Board of Directors and the Appointment and Remuneration Committee.

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

Yes X **No X** ☐

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

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

Yes X **No X** ☐

Where applicable, describe the differences.

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

b) Any amendment of the Regulations of the Board of Directors, which requires a favourable vote of two-thirds of the directors, either present or represented at the meeting, except in cases when these amendments are imposed by law."

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

Yes □ **No X**

Description of the requirements

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

Yes X **No X** □

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

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

Yes □ **No X**

Chairman age limit □

CEO age limit □ **Director age limit** □

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

Yes □ **No X**

Maximum number of term years	

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

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

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

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

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

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

Number of board meetings	15
Number of board meetings without attendance of the chairman	0

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

Number of meetings of the Executive Committee	14
Number of meetings of the Audit Committee	12
Number of meetings of the Appointment and Remuneration Committee	10
Number of meetings of the Appointment Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the ______ committee	

See note (C.1.29) in Section H of this report.

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

Director attendance	14
% of attendances of the total votes throughout the year	99.33%

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

Yes ☐ **No X**

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

Name	**Position**

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

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

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

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

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

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

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

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

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

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

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

It should also be noted that the External Auditor has appeared before the Audit and Compliance Committee on five occasions throughout the year which ended December 31, 2013:

- appearances on January 22 and February 26, 2013 regarding drawing up the annual financial statements which refer to the year that ended on December 31, 2012.

- appearance on July 22, 2013 regarding the limited review of transitional financial statements on June 30, 2013; and regarding the recommendations to improve the system for internal control over financial information.

- appearance on June 25, 2013 regarding the recommendations to improve the system for internal control over financial information.

- appearance on December 12, 2013 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, 2013.

C.1.33 Is the Board secretary a director?

Yes X **No X**

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

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

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

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

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

Yes X **No**

Observations
Article 13.3 of the Regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. establishes *that "the secretary shall at all times look after the formal and material legality of the Board's actions and specially ensure that the Board's actions:* *a) Observe the required formal and material legality and comply with the provisions emanating from the regulatory bodies and, where appropriate, with their recommendations.* *b) Comply with the Company's Bylaws and with the Regulations of the Board of Directors, of the Shareholders' General Meeting and other Company regulations.* *c) Take into consideration the recommendations on good corporate governance issued by the regulatory bodies which the Company has accepted in its Bylaws and in the Company's internal regulations.* *d) Process all requests of the Board members relating to the information and documentation for any matters that the Board of Directors needs to be aware of."*

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

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

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

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

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

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

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

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

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

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

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

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

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

Yes ☐ **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)		169	169
Amount for tasks not related to auditing / Total amount billed by the auditing firm (in %)		10.66	10.66

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	3	3

	Company	Group
No. of years audited by the current auditing firm / No. of years that the company has been audited (in %)	13.04%	13.04%

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

Yes X **No X** ☐

Detail of the procedure
In accordance with the provisions in Article 30 of the Board of Director's Regulations *"in order to be aided in the performance of their duties, the external directors may request the contracting of legal, accounting and financial experts, as well as the aid of other experts at the Company's expense. The request must necessarily be related to specific problems of a certain relevance and complexity that arise during the performance of the duties.* *The request to contract such experts must be presented to the chairman or the secretary to the Board of the company, which will forward it to the approval of the Board of Directors, which can decline it, among others, in the following events:*

a) it is not necessary in order to prop performance the functions entrusted to the external directors;

b) its cost is unreasonable when compared to the importance of the issue and the Company's assets and revenues;

c) the required technical assistance can be adequately provided by the in-house experts and technicians;

d) it may entail a risk to the confidentiality of the information that has to be handled."

In similar terms, Article 18.7 of the Board of Director's Regulations and Article 31 of the Regulations of the Audit and Compliance Committee, puts the mechanisms and limits to the assistance of experts which it can request in place.

Regarding the Appointment and Remuneration Committee, to better perform its duties, in accordance with Article 19.12 of the Board of Director's Regulations, *"may request external professional advice, in which case the provisions set forth in these Regulations shall apply."*

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

Yes X **No**

Detail of the procedure
Article 37.3 of the by-laws, establishes that "*the convening of the Board of Directors meeting and the sending of the necessary documentation and any sharing of documents among Board members will be via letter, tax, telegram, email or any other digital means allowed by law that ensures correct receipt."* Likewise, Article 32.2 a) of the Board of Director's Regulations establishes that directors are required to *"inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong."* Additionally, Article 29 of the Board of Director's Regulations empowers the director to *"request any information about the Company they may reasonably need, as long as it is required for the performance of their duties. The right to information shall also extend to the companies of the group, weather national or foreign.* *In order not to disturb the Company's day-to-day management, the exercise of the right to information shall be channeled through the chairman, the chief executive officer or the secretary of the Board."*

Last, we point out that Article 20.2 of the Board of Director's Regulations establishes that *"ordinary meetings may be called by means of letter, fax, telegram, e-mail or by any other electronic or telematic method allowed by law that ensures correct receipt, and shall be authorized by the signature of the chairman or the secretary by order of the chairman. The meeting notification shall include the meeting agenda and all relevant information."*

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

Yes X **No X**

Explain the rules

As indicated in previous Section C.1.21, Article 27 of the Board of Director's Regulation establishes the circumstances in which directors shall offer their position to the Board and formalize their resignation if the Board sees fit.

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

Specifically, the directors must proceed as indicated:

a) "Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations." (Article 27.2 e).
b) *"Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporate Companies Law (Ley de Sociedades de Capital) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offence brought by the supervisory authorities"* (Article 27.2 f).

c) *"Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a director."* (Article 27.2 h).
d) *"Whenever their continuity on the Board may put the Company's interests at risk (...),"* (Article 27.2 i).

e) *"When acts attributable to the director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a director of the Company."* (Article 27.2 j).

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

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

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

Yes ☐ **No X**

Director name	Criminal case	Observations

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

Yes ☐ **No** ☐

Decision made/action taken	Reasonable explanation

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

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

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

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

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

	Board of Directors	**General Meeting**
Body which authorizes the clauses	X	

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

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

C.2 **Committees of the Board of Directors**

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

EXECUTIVE COMMITTEE

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

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

AUDIT COMMITTEE

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

% of executive directors	0%
% of proprietary directors	33.33%
% of independent directors	66.66%
% of other external directors	0%

APPOINTMENT AND REMUNERATION COMMITTEE

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

% of executive directors	0%
% of proprietary directors	33.33%
% of independent directors	66.66%
% of other external directors	0%

APPOINTMENT COMMITTEE

Name	Position	Type

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

REMUNERATION COMMITTEE

Name	Position	Type

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

_______ COMMITTEE

Name	Position	Type

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

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

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

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

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

	Yes	**No**
Supervise the drawing up process and the integrity of the financial information related to the Company and, where appropriate, to the Group, revising compliance with the regulatory requirements, the proper setting of the consolidation scope and correct application of the accounting criteria.	X	
Regularly check the Internal Control and Risk Management systems so the main risks are identified, managed and made known properly.	X	
Ensure the independence and effectiveness of the Internal Audit function; propose the selection, appointment, re-election and resignation of the individual responsible for the internal audit service; propose a budget for this service; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.	X	

Establish and monitor a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.	X	
Submit the external auditor selection, appointment, re-election and replacement proposals, as well as the conditions of his/her hiring to the Board.	X	
Receive information regularly from the external auditor on the audit plan and the results of its execution, and verify that Senior Management is taking into account its recommendations.	X	
Ensure the independence of the external auditor.	X	

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

Delegated Executive Committee

As established in Article 17 of the Board of Director's Regulations, *"should there be an Executive Committee, this Committee will have all the faculties of the Board of Directors except those that can not be delegated according to the law and the By-Laws."*

Organization

In accordance with Article 17 of the Board of Director's Regulations, the rules of organization of the Executive Committee is summarized as follows:

a) The Executive Committee must be made up of the number of directors as decided upon by the Board of Directors, as proposed by the Appointment and Remuneration Committee, with a minimum of five (5) and a maximum of eight (8) directors.

b) The Board of Directors shall ensure, to the extent possible and in view of the Company's circumstances, that the shareholding structure of the director categories is similar to the Board of Director's shareholding structure.

c) The Board of Directors must appoint members to the Executive Committee and delegate powers in their favor. This requires a vote in favor by two thirds of the directors. The Board of Directors shall decide when, how and to what extent the Committee members are renewed.

d) The Chairman and the CEO, if any, must in any case be members of the Executive Committee.

e) The Executive Committee meetings must be chaired by the Chairman of the Board of Directors and, in his/her absence, by one of the Vice Chairmen, as set forth in Article 12.2 of the Board of Director's Regulations. The Secretary of the Board of Directors shall act as Secretary and, in his/her absence, one of the Vice Secretaries and, in his/her absence, the director appointed by the Executive Committee from among its members attending the meeting.

f) The directors who make up the Executive Committee shall continue to be on it while appointed as directors. Their renewal as directors-members of this Executive Committee shall occur at the same time as their re-election as directors, without prejudice to the revocation power that corresponds to the Board of Directors.

Functioning

In accordance with Article 17 of the Board of Director's Regulations, the rules of functioning of the Executive Committee is summarized as follows:

a) The Executive Committee will meet as frequently as deemed appropriate by its Chairman and, at least, every two (2) months. Likewise, meetings will be held whenever a minimum of two of the directors who are members of the Committee so request.

b) The agreements passed by the Executive Committee will be adopted by a majority of the directors who form part of it, and who are present or represented at the meeting. In the event of a tie, the Chairman shall have the casting vote.

c) At the first meeting of the Board of Directors and after the Executive Committee has met, the Committee shall inform the Board of Directors of the items that have been discussed and about the decisions adopted during its meetings.

Responsibilities:

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

Audit and Compliance Committee

As established in Article 1 of the Regulations , the Audit and Compliance Committee is an internal body of the Board of Directors for information and consultation, with the powers of information, advice and proposals, as stated in the by-laws and in the Board of Director's Regulations.

Organization

In accordance with Article 18 of the Board of Director's Regulations and Chapter III of the Regulations of the Audit and Compliance Committee, the rules of organization of this Committee are summarized as follows:

a) The Audit and Compliance Committee shall be made up of at least three (3) and at most (5) external directors, with at least one of them being an independent director, appointed for a maximum period of four (4) years by the Board of Directors, as proposed by the Appointment and Remuneration Committee and from among the external directors.

b) The Audit and Compliance Committee appoints its Chairman and Secretary.

c) The members of the Committee shall resign from their position:

    a. When they lose their condition as Company directors.
    b. When they lose their condition as external directors.
    c. When agreed on by the Board of Directors.

Functioning

In accordance with the provisions in Articles 18, 19, 20, 21 and 22 of the Regulations of the Audit and Compliance Committee, the rules of functioning of this Committee can be summarized as follows:

a) The Audit and Compliance Committee shall meet at least four (4) times a year in order to fulfill the duties entrusted to it.

b) The Audit and Compliance Committee shall be validly constituted when more than half of its members are present or represented at the meeting.

c) The agreements shall be adopted by the absolute majority of members present at the meeting. In the event of a tie, the Chairman shall have the casting vote.

   The Committee's discussions and agreements must be recorded in minutes signed by the Chairman and Secretary, or the people standing in for them. The minutes will be approved by the Committee at the end of the meeting or the beginning of the next one.

d) When the issues to be dealt with during the Committee meetings directly affect some of its members of individuals related to it and, in general, when this member enters into a situation of conflict of interest, he/she must leave the meeting until the decision is made, being removed from the number of members of the Committee, to calculate the quorum and majorities related to the item in question.

Responsibilities

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

Art. 18.4 of the Board of Director's Regulations establishes that the Audit and Compliance Committee shall have at least the following basic responsibilities:

a) Inform the Shareholders' General Meeting about any matters that the shareholders may raise regarding matters within its competence.

b) Propose to the Board of Directors for submission to the consideration of the Shareholders' General Meeting the appointment of the external auditors, as provided for by the Corporations Act, as well as their contracting conditions, the scope of their professional mandate and, as the case may be, the renewal, revocation or non-renewal, and oversee their independence.

c) Oversee the effectiveness of the internal auditing services of the Company and its group, approving the Internal Audit Plan and overseeing material and human resources, both internal and external, of the Internal Audit Department required to perform its tasks. Likewise, it shall inform about the appointment or dismissal of the Internal Audit director.

d) Supervise the effectiveness of the Company's internal control system and the risk management systems, and analyze together with the auditors any significant weaknesses detected in the internal control system, as the case may be, during the course of the audit.

e) Supervise the setting and review of the risk map and levels that the Company may consider as acceptable.

f) Supervise the economic-financial reporting process and review the information that the Company must periodically or statutorily make available to the markets and their supervisory bodies, with the necessary level of detail as to ensure its accuracy, reliability, sufficiency and clarity.

g) Maintain relationships with the auditors in order to receive information on any matters that may put their independence at risk and regarding any other matters concerning the audit process, as well as any other communications laid down by the audit legislation and technical audit standards, and act as a channel of communication between the Board of Directors and the auditors, assess the results of each audit and the management team's responses to its recommendations, and evaluate the cases of discrepancies between them, regarding the principles and criteria applicable to the drawing up of financial statements.

h) In any event, it should receive from the auditors an annual confirmation of their independence from the Company or enterprises that are directly or indirectly related to it, as well as the information about the additional services of any type that have been provided to these entities by the auditors, or by the persons or entities linked to them, in accordance with the legislation on the auditing of financial statements.

i) Prior to the auditor's report, issue an annual report expressing an opinion about the independence of the auditors. In any event, this report must contain an opinion on the provision of the additional services referenced in paragraph h) above.

j) Check the content of the auditor's reports before they are issued, in order to make sure that their content and the opinions expressed therein about the annual accounts are drafted clearly and precisely, and oversee the fulfillment of the audit agreement.

k) Ensure compliance with legal requirements and the correct application of generally accepted accounting principles, and inform the Board of any significant changes in accounting criteria and in both on- and off-balance sheet risks.

l) Inform the Board of Directors about the transactions that entail or could entail conflicts of interest or about the transactions with shareholders owning a significant stake and, in general, concerning the matters set forth in Chapter IX of these Regulations.

m) Inform about the authorization to be given by the Shareholders' General Meeting to the directors, according to article 34 of these Regulations.

n) Inform about the possible authorization or waiving to be granted by the Board to the Directors to the directors in accordance with Article 5.4.iii).e) of these Regulations.

o) Approve transactions entailing a conflict of interest or the transactions with a shareholder owning a significant stake, when requested by the chairman of the Board of Directors, under the terms of, and in accordance with Articles 35.6 and 41.4 of these Regulations.

p) Oversee compliance with the Internal Regulations for Conduct in the Securities Markets, with these Regulations and, in general, with the Company's rules of governance, and submit the proposals needed for their improvement.

q) Receive information from the Statutory Compliance Unit regarding the aforementioned matters and, if necessary, issue reports on disciplinary measures to members of the Company's Top Management for not complying with the corporate governance obligations or the Internal Regulations for Conduct in the Securities Markets, and resolve any questions concerning corporate governance and its compliance which the Statutory Compliance Unit may raise in accordance with the Internal Regulations for Conduct in the Securities Markets.

r) Propose to the Board of Directors the Annual Corporate Governance Report for its approval.

s) Draw up an annual report on the Audit and Compliance Committee's activities.

t) Supervise the operations of the Company's website in terms of making information on corporate governance publicly available.

u) Provide information regarding matters within its competence on the Company's Sustainability Report or Social Responsibility Report for approval by the Board of Directors.

v) Suggest amendments to the Regulations and inform about any amendments implemented, for approval by the Board of Directors.

Appointment and Remuneration Committee

As established in Article 19 of the Board of Director's Regulations, *"the Appointment and Remuneration Committee is responsible for managing the process for selecting the members of the Board of Directors and evaluating the appointments of the Company's Top Management, as well as for proposing to the Board of Directors the remuneration policy for these individuals and its supervision."*

<u>Organization</u>

In accordance with Article 44 of the by-laws and Article 19 of the Board of Director's Regulations, the rules of organization of the Appointment and Remuneration Committee are summarized as follows:

a) The Appointment and Remuneration Committee shall be made up of at least three (3) and at most five (5) external directors.

b) The Appointment and Remuneration Committee shall choose a Chairman from among its members who shall be replaced every four years.

c) Likewise, the Committee shall appoint a Secretary, who may be one of its members or the Secretary or Vice Secretary of the Board of Directors, who may or may not be a director.

<u>Functioning</u>

In accordance with Article 19 of the Board of Director's Regulations, the rules of functioning of the Appointment and Remuneration Committee are summarized as follows:

a) The Appointment and Remuneration Committee shall meet at least four times a year, and in any case whenever the Board of Directors or its Chairman requests the issuing of a report or the approval of proposals. In any case, it shall meet whenever suitable to ensure that its duties are being carried out properly, or when requested by two members of the Appointment and Retribution Committee.

b) The Appointment and Retribution Committee shall be validly constituted when more than half of its members are present or represented at the meeting.

c) The agreements shall be adopted by the majority of members present at the meeting. In the event of a tie, the Chairman shall have the casting vote.

d) In all not covered in its specific Regulations, where appropriate, or in the Board of Director's Regulations, it shall be governed by the Board of Directors in the by-laws and in the Board of Director's Regulations, whenever they are compatible with the nature and function of the Committee.

Responsibilities:

Article 19 of the Board of Director's Regulation states that *"without prejudice to other tasks assigned by the Board of Directors, the Appointment and Remuneration Committee shall have at least the following basic responsibilities:*

a) Inform and revise the criteria that must be followed for the composition of the Board of Directors and the selection of the candidates, defining the required functions and abilities, and evaluating the amount of time and dedication required to properly carry out their tasks. In order to exercise this role, the Appointment and Remuneration Committee shall endeavour the existence of a reasonable balance between proprietary directors and independent directors, taking into account, as far as possible, the Company's ownership structure, the absolute and relative importance of significant shareholdings, and the level of continuity, commitment and strategic links of the owners of such shareholdings with the Company.

b) Inform the Board of Directors about the proposals for the appointment of independent directors for their appointment by co-optation or, as the case may be, for submission of such proposals to the consideration of the Shareholders' General Meeting, as well as the proposals for re-election or dismissal of those directors by the Shareholders' General Meetings.

c) Inform about the proposals of the Board of Directors for the appointment of the remaining directors for their appointment by co-optation or, as the case may be, for their submission to the consideration of the Shareholders' General Meeting, as well as the proposals for re-election or dismissal of those directors by the Shareholders' General Meeting.

d) Inform the Board of the Directors, for approval, about the appointment and removal of the chairman, deputy chairmen, secretary and deputy secretary of the Board of Directors, of the lead independent director and of the CEO.

e) Review and organize, as appropriate, the succession of the Company's chairman and chief executive officer, if any, and, where appropriate, submit proposals to the Board of Directors so that this succession can take place in an organized and planned manner.

f) Propose and provide, for approval by the Board of Directors, the list of members who should take part in each of its committees.

g) Propose to the Board of Directors the system and amount of the annual remuneration of the directors, as well as the individual remuneration for the executive directors, along with the rest of their contractual conditions, all this in accordance with the provisions set forth in the Corporate Bylaws and in these Regulations.

h) Acknowledge and inform to the Board of Directors, as the case may be, of the appointment and dismissal of directors of the companies that are part of the group and its participated companies. This duty will be exercised within the legal limits and in the frame of the coordination of the interest of the Company and the companies that are part of the group, as well as of its main participated companies, being able to request from the chairman of the Board of Directors the information that may be deem necessary for the exercise of its competencies.

i) Inform the Board of Directors, for approval, on the appointment or dismissal of the Company's Top Management at the proposal of (i) the chairman of the Board of Directors, (ii) the chief executive officer or (iii) the Board's Committees, depending on the individual or body to which the Company's Top Management reports, and on the definition and organization of the structure, organization chart and job description of the Company's Top Management at the request of the chief executive officer.

j) Inform the Board of Directors, for approval, on the remuneration system and bands for the Company's Top Management, as well as on actual remuneration, including any compensation or severance pay in the event of dismissal or removal and other basic contractual conditions, regularly reviewing the remuneration programs at the request of (i) the chairman of the Board of Directors or (ii) the chief executive officer, depending on the person or body to which Top Management reports.

k) Inform the Board of Directors, for approval, about the multi-year incentive systems.

l) Acknowledge and inform, as the case may be, the Board of Directors about selection, appointments and remuneration of directors and top managers of the main companies in the Gamesa group and their affiliates. This function shall be exercised within the legal limits and within the framework of the coordination between the interests of the Company and the companies in the Gamesa group, as well as of their main affiliates.

m) Ensure observance of the remuneration policy set by the Company and transparency concerning remuneration, reviewing the information about the remuneration of directors and Senior Management that the Board of Directors must approve and include in the Company's publicly available documentation or information.

n) Propose the Annual Report about the remuneration of the members of the Board of Directors for its approval by the Board of Directors.

o) Provide information regarding matters within its competence on Gamesa's Sustainability or Social Responsibility Report for approval by the Board of Directors.

p) Ensure that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory bias due to any reason whatsoever."

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

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

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

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

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

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

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

Yes X **No X** ☐

If no, explain the composition of your Executive Committee.

D RELATED PARTY TRANSACTIONS AND INTERGROUP TRANSACTIONS

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

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

Procedure for approving related party transactions

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

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

> *a) that the Chairman or the chief executive officer, as the case may be, issues the report that contains: (i) a justification for the operation and(ii) an alternative to the intervention in such operation of the shareholder or the director in question; and*
>
> *b) whether the affected assets or the transaction's complexity so require it, request the advice of outside professionals, in conformance with the procedures set out in these Regulations.*

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

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

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

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

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

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	282,733
IBERDROLA, S.A.	GAMESA ENERGÍA, S.A.U.	Contractual	Sale of financial investments	9,091

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.

The amount of transactions made with other related parties reaches 86,736 thousand euros.

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

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

Mechanisms:

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

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

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

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

a) obtain a report from the CEO, or in his/her absence, from the Chairman, containing (i) a justification of the transaction (ii), an alternative to the director or related individual bringing about the transaction; and

b) when the affected assets or the transaction’s complexity so require it, the Board may seek the advice of outside professionals, in conformance with the procedure for this as given in the Board of Director's Regulations.

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

(a) the regular and ongoing nature of the transaction, along with its significance and/or the financial amount involved;

(b) b) the need to put control mechanisms for the transaction in place, due to its characteristics or nature;

(c) criteria of equality, objectivity, confidentiality and transparency in provision and consistency when supplying information, when the alternative includes an offer directed to a group; and

(d) the transaction price and maximization of value for shareholders.

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

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

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

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

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

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

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

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

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

Yes ☐ **No X**

Identify the subsidiary companies listed in Spain:

Listed subsidiary companies

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

Yes ☐ **No** ☐

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

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

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

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

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

The system uses a universal risk management and control model to classify risks titled "Business Risk Model (BRM)" approved by the Board of Directors in 2004 and which considers and groups the risks into environment risks, process risks and information risks for decision making.

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

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

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

Likewise, specific maps of the main geographic areas for industrial/commercial implementation are developed, having developed the maps of Europe + ROW (including LATAM), USA, China, India and Brazil in 2013, determining, where appropriate, if any risks of the same kind are added to the corporate map and/or the individualized monitoring of a geographic risk on the corporate map.

The Risk Management and Control System, due to the new 2013-2015 Business Plan, the integrated management of operational risks associated with the main business processes and decision making processes (NBA=New Business Approval, PM=Program Management, SC2G=New Product/Technology Development Systems, monthly closures, etc.) is improved, where they are identified and managed with specific Risk Management Systems which, for their optimum control, may not have to be used at the corporate level.

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

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

- Determining and approving the risks identified by the different business units which become part of the corporate and/or global risk map, adding risks of the same kind in different geographic areas, as well as the procedures and indicators. They also responsible for suggesting limits of tolerance to the acceptable risks.

- Ensure compliance with the procedures related to risk management and control and that the personnel of all units are familiar with the risk and control environment in each process.

- Maintain a proper continuous risk assessment process.

- As owner of the risks associated with activities, processes and projects implemented globally, it is responsible for identifying, assessing, and mitigating/eliminating the risks, having the support of the Risk Controllers Network which analyzes and decides and/or suggests the risk map.

- Each participating Department in the Management Committee and Executive Committee is the owner of each risk associated with activities, processes, projects, products and services carried out by them, its highest and last responsible individuals are the corresponding directors. The Director, according to the expected/estimated risks, may appoint one or several risk controllers for each risk/opportunity identified in his/her area. This, with the collaboration of the Risk Control Department, will be responsible for assessing and following up on the evolution of risks.

- The people responsible for the processes with risk lead the implementation of the action plans, evolution of indicators (Key Risk Indicators: KRIs), as well as any other task (defining new indicators, updating them, implementing actions to correct deviations, etc.) related to the risk/opportunity requested by the corresponding Director.

- The people in charge of the processes with risk, the Risk Controllers and/or BRC can involve different Collaborators/Focal Points in the management of risks.

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

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

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

- Board of Directors: Highest body for making decisions, supervision and control of the Company that examines and authorizes all relevant operations. It exercises the responsibility that cannot be delegated of supervision, and is the last responsible party for the identification of the main risks of the Company. It is also responsible for approving the general policies and strategies of the Company and for supervising the policy for the identification, control and management of risks, as well as the periodic monitoring of the internal information and control systems.

- Audit and Compliance Committee: The Board of Directors entrusts it with the following functions, among others:
  - Supervise the financial reporting process and review the information that the Company must periodically and/or statutorily make available to the markets and their supervisory bodies, with the necessary level of detail as to ensure its accuracy, reliability, sufficiency and clarity.
  - Supervise the effectiveness of the Company's internal control system and Risk Management Systems, and to analyze any significant weaknesses detected in the internal control system together with the auditors, when applicable, during the course of the audit.
  - Ensure that the policy for the control and management of risks identifies the different types of risk (operational, technological, financial, legal, reputational, etc.) that the Company faces, including contingent liability risks and other off-balance sheet risks among the financial and economic risks.
  - Supervise the definition and review of the map and the levels of risk that the Company considers acceptable, as well as the measures foreseen for mitigating the impact of the identified risks.

- Regulatory Compliance Unit: Reporting to the Management Committee and the Audit and Compliance Committee, the Regulatory Compliance Unit is the professional body entrusted with the monitoring and follow-up of the regulatory environment that affects the activities of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

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

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

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

  It also has the purpose of being the channel for communication between the Organization and the Audit and Compliance Committee regarding matters of competence of Internal Audit.

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

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

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

- Risks that can affect the "Solidity of the balance sheet" objective:
  - Monitoring of hedging and efficient financing that allows the fulfillment of the Business Plan.
  - Monitoring of deterioration and the occurrence, as applicable, of new deterioration.

- Risks that can affect the "Safety and health" objective:
  - Fundamentally safety and ergonomic risks.
  - Improvement of the integral management of operational risks.

- Risks that can affect the "Technological leadership/range of products aimed at the market" objective:
  - Optimization of the pickup curve and profitability in terms of CoE (including onshore and offshore).
  - Fulfillment of the time to market in technological development, industrialization and marketing.

- Risks that can affect the "Broad geographic presence." Movement of growth toward new markets, growth sectors, new clients" objective:
  - Dependence on emerging markets.
  - Country risk.
  - Currency equivalent risk, exchange rate risk

- Risks that can affect the "Profitability and improvement of competitiveness" objective:
  - Confirmation of profitable orders/margins of contribution.
  - Risk of deviation of reduction of variable costs in the execution of some projects aimed at the client, impact on EBIT.
  - Variability in commodities prices.
  - Meeting deadlines and costs in new manufacturing processes.

- Specific risks for the current market:
  - Impact on sales, capacity for accessing efficient financing.
  - Dependence on incentives. Risks related to regulatory changes. Uncertainty in the policies supporting renewable energies. Pressure applied by the low prices of other sources of energy.
  - Industrial overcapacity. Effectiveness of the restructuring measures, tending toward the rationalization of fixed costs.

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

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

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

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

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

- By means of specific numerical values listed in specific risk policies (for example, the investment and financing policy, the information security policy, the excellence policy, etc.).

- By means of annually fixed objectives, or in conformity with the strategic frequency for indicators that are used for monitoring some risks.
- By means of the metrics established in the Risk Management and Control procedure for the assessment of impact, in conformity with a series of criteria, in such a way that the ones that, once combined with their probability, result in risks assessed as high or moderate, are considered to exceed the tolerance and require mitigation plans.

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

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

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

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

E.5 Indicate which risks arose during the period.

Risks that arose during 2013, circumstances that caused them, impact on results and functioning of the control systems:

1. Currency equivalent risk, exchange rate risk: Depreciation of currency equivalence in emerging markets, with a negative impact of 9.5 million euros on operating profit in 2013.

- Circumstances that caused it: Symptoms of weakness and exhaustion of emerging markets that imply lower growth projections, deceleration and less expansive monetary policies.

- Functioning of control systems: Application of the proper mechanisms of protective financial hedging by means of derivatives and capitalization of monetary balances.

2. Industrial overcapacity that led to the reduction of activity and the closing of plants. This risk arose for deteriorations that were already estimated at the close of previous years, and significant differences were not stated regarding the aforementioned estimations. However, during 2013, the personnel restructuring plan continued, resulting in an additional expense this year in the amount of 6.9 million euro, mainly arising in Spain and completely paid by the end of the period.

- Circumstances that caused it: Markets with low levels of activity due to factors, among others, such as the price of electricity/gas, regulatory aspects, limitations in access to financing for clients, and grid restrictions (depending on geography).

- Functioning of control systems: The mitigation and control systems in the different areas have been operating properly, and the application of the actions established in the 2013-2015 Business Plan especially stands out.

3. Some risks inherent to the development of the activities of the Business itself: Deterioration in addition to that recorded in previous years for the amount of 5 million euros, arising from the estimation of the impact of the new regulation; impact of 8.5 million euros with a negative result by equity method associated mainly with participation in 9REN and negative impact of 3 million euros resulting from discontinued activities.

- Circumstances that caused it: Circumstances of the development of business and the economic situation.

- Functioning of control systems: 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.

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

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

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

Response plans/Action plans for the risk of "Monitoring of hedging and efficient financing that allows the fulfillment of the Business Plan:"

- Minimization of investments and/or deferments according to the 2013-2015 BP.
- Collection plan and control/monitoring of payments.
- Monitoring monthly MW in stock.
- Continuous monitoring of cash flows.
- Analysis of new forms of financing.

Response plans/Action plans for the risk of "Optimization of the pickup curve and profitability in terms of CoE (including onshore and offshore):"

- Sales and financing plan.
- Cost reduction plan.
- Specific programs for components.
- Validation and certification plan.
- Technical audits.

Response plans/Action plans for the risk of fulfillment of the time to market in technological development, industrialization and marketing:

- Validation and certification plan.
- Approval plan for 1st and 2nd sources of supply.
- Agreements for pre-series projects.
- Strategic alliances.
- Project for determining common onshore/offshore parties.

Response plans/Action plans for the "Fundamentally safety and ergonomics risks and improvement of operational risk integral management:"

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

Response plans/action plans for the risk of "Dependence on emerging markets:"

- Diversification of the demand that allows adapting individual declines in emerging markets with an expansion in emerging stars and developed and developing countries.

Response plans/action plans for the "Currency equivalent risk, exchange rate risk: Depreciation of currency equivalence in emerging markets:

- Mechanisms of protective financial hedging by means of derivatives and capitalization of monetary balances.

Response plans/action plans for the risk of "Confirmation of profitable/margin of contribution orders:"

- Creation of new basic business processes:
  - NBA. New approval method of proposals to clients.
  - PM. Wind turbine management programs.
- Cost reduction projects.

Response plans/Action plans for the risk of "Industrial overcapacity that led to the reduction of activity and the closing of plants:"

- The mitigation and control systems in the different areas have been operating properly, and the application of the actions established in the 2013-2015 Business Plan especially stands out.

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

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

- Control exercised by the managers of the Business Units, by the managers of the Geographical Areas and the supervision of the Management Committee of the evolution of the risk maps and mitigation plans.

- Reports to the Audit and Compliance Committee with a minimum six-monthly frequency regarding the evolution of the complete corporate risk map, and individually for the most significant risks.

- Internal audits of the most significant risks and communication of the corresponding reports to the Management Committee and the Audit and Compliance Committee.

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 annual financial statements and the management report, for those corresponding to both the Company and to its consolidated group, and the proposal for the application of results, as well as the periodic financial information that should be made public due to being listed on the stock exchange.

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

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

Article 5 of the Audit and Compliance Committee's Regulations sets forth the supervision of the Internal Control System and the Risk Management Systems as a competence within its scope, as well as the analysis in collaboration with external 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. Likewise, different articles of its Regulations establish a detailed explanation of its main functions related to the aforementioned processes for drafting economic and financial information and to the risk control and management systems.

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 and Remuneration Committee must report to the Board regarding the proposals for appointment and dismissal of Senior Management, and must also report, prior to their approval by the Board, on the system and the wage bands of Senior Management.

The Management Control Department and the Financial Department design their organizational structure according to operational and strategic development so that the control units and geographical areas into which they are subdivided cover each of the organization's relevant business areas and/or geographical segments. The main responsibility of each includes the various processes involved in the preparation of financial information in accordance with the accounting standards adopted by the Group. The Human Capital Management Department supervises the organizational structure.

There is also an adequate segregation of functions for administration-accounting and financial processes as a result of the organizational structure, which considers different functions and controls both at the level of each of the geographical units and activity areas and at the corporate and functional levels.

- 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 own 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 rules governing the conduct of the Companies which make up the Group and the persons subject to the same during the fulfillment of their functions and in their work, commercial and professional relationships.

GAMESA communicates and disseminates the Code of Conduct, which is available in several languages, by the delivery and/or availability of a copy of the same for its employees through the "Shareholders and Investors" section of its external website, through the Company's internal website (Intranet), as well as when hiring personnel, and, furthermore, through any other means of communication as defined by the Board of Directors, when applicable.

In addition, different training sessions are given to different groups throughout the year.

In Article 3.10, mention is made, among the principles and values included in the Code and with regards to shareholders, that the information provided to the same will be truthful, complete and adequately reflect the situation of the Gamesa Group.

Also, in Article 3.23 of the aforementioned Code, specific mention is made of the FIICS, expressly indicating that the economic-financial information of Gamesa and the companies which make up the Gamesa Group -in particular, the Annual 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 this purpose, none of the affected workers (members of Management bodies, executives and employees of each and every company making up the Gamesa Group) referred to in the aforementioned Code of Conduct will withhold or distort the information contained in accounting records and reports of Gamesa and the companies comprising the Group, which must be duly complete, accurate and truthful.

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

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

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

The Audit and Compliance Committee is responsible for establishing and supervising the Complaints Channel through the Regulatory Compliance Unit which Gamesa manages according to the conditions and powers set forth in the written procedure regulating the "Complaints Channel Operating Rules," as part of the internal regulations and which sets out its operation and conditions for use, access, scope and other aspects. The Regulatory Compliance Unit is a professional body led by the General Secretary and that is functionally dependent on the Audit and Compliance Committee.

Per Gamesa's internal rules, a function of the Regulatory Compliance Unit as regards the Code of Conduct/Complaints Channel is to complete an evaluation and annual report on the level of compliance with the Code of Conduct to be submitted to the Audit and Compliance Committee, and to inform as to suggestions, questions, proposals and noncompliance.

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

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

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

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

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

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

Gamesa maintains a commitment to the development of its employees that is reflected in its general policies and human resources programs.

The training program allows employees to comply with the requirements of their current positions, by means of internal courses, training at the level of the unit and the geographic area, and external seminars related to their areas of experience.

In this context, and once the project carried out in previous years was completed, "Gamesa Corporate University" launched a new project that in different stages, supports the analysis of the identification of training needs at all levels of the Organization and their later preparation and implementation.

Moreover, the Financial Department and Management Control, Internal Audit and Risk Control (BRC) are kept abreast of developments relating to risk management and internal control, especially financial information, attending sessions and workshops in both internal and external matters within its competence. In any case, the financial preparation managers are committed to ensuring the training and updating of the staff working with them.

However the involvement of external consultants is encouraged for updates on accounting, legal and tax matters that may affect the Group.

In addition, Gamesa is committed to facilitating the professional development of those employees identified as key personnel or through various processes of evaluation and ad-hoc training.

F.2 **Financial information risk assessment**

A report including at least the following:

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

- Whether the process exists and is documented.
- 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.
- 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.
- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they have an impact on the financial statements.
- What governing body of the entity monitors the process.

The Management and Risk Control Model, based on the COSO II methodology, part of risk classification according to the universally accepted Business Risk Model (BRM).

The methodology applied is transferred to a risk map which is updated periodically, which monitors, among other things, financial, taxation and legal risks and those of other types (operational, strategic, technological, reputational, environmental, etc.) insofar as they affect the financial statements.

Associated with risk evaluation and, in particular, for those risks related to financial information, an internal control model using a top-down approach is applied for identifying risks on the basis of the most important accounts of the financial statements, considering parameters related to impact, probability, characteristics of the accounts, and the negotiation process.

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

- Existence and occurrence
- Integrity
- Appraisal
- Presentation, itemization and comparability
- Rights and obligations

Financial (interest rate, exchange rate, taxes, credit, liquidity and commodities) and tax and legal risks are controlled through specific policies, rules and procedures integrated within the functions of the corresponding departments. Information on hedging and control of these risks is included throughout the legal report.

The Audit and Compliance Committee is entrusted by the Board of Directors, among others, with the monitoring functions of the internal control system, the Risk Management Systems and the process of preparation and presentation of regulated financial information, with support from the Internal Audit and Risk Control (BRC) Departments.

Identification of the scope of consolidation

The Group, through the Companies List developed by Legal Counsel, maintains a continually updated register which includes all of the Group's participants, whatever their nature, direct or indirect, including, if appropriate, both instrumental companies and special purpose entities.

On a monthly basis and for purposes of identifying the scope of consolidation in accordance with the criteria laid down in international standards of accounting, said list is reconciled with the master file of consolidation companies, responsibility of the Group's consolidation unit. In the event of any differences, they will be evaluated in order to determine the appropriate treatment.

Likewise, and in accordance with the recommendations of the Unified Good Governance Code, the Board of Directors, in Article 5 of the regulation, establishes the authority to approve the creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are, in accordance with the current legislation, considered tax havens.

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 Corporate Management Control Area and the Consolidation and Accounting Area, integrated into the Financial Department, consolidate all the financial information of Gamesa Corporación Tecnológica, S.A. and the companies making up the Group, and prepare the corresponding reports.

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

The Group sends information quarterly to the stock market. This information is prepared by the Management Control Department and the Financial Department, which perform a series of control activities during the accounting close to guarantee the reliability of the financial information.

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

- Review by the Management Control Director
- Review by the Financial Director
- Review by external auditors (semiannually and annually)
- Review by the Audit Committee
- Approval by the Board of Directors (semiannually and annually)

Likewise and in the case of the annual financial statements submitted for formulation to the Board previously certified by the managers of Consolidation and Management Control.

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

The control activities designed to cover the previously identified risks, as referred to in chapter 2 above, are performed at Senior Management level in a corporate environment as well as at the level of each of the business units, from a more operational and specific perspective, through the identification of the corresponding processes and sub processes.

As a result of organizational changes involving significant leadership from different geographic areas and their own administration the process of standardizing control matrices according to the flow cycles of the most significant transactions identified in each of the aforementioned geographic areas is taking place at present. The ongoing processes, identified as significant in terms of their potential impact on the financial information and in any case of error or fraud, which are being worked on at present are:

- Accounting close
- Scope of consolidation
- Earnings recognition, degree of progress and collection
- Provision for warranties
- Wind farm promotion activation
- Research and development expenditure activation
- Tangible assets
- Material reception and storage
- Treasury/management hedging exchange rates
- Purchases
- Personnel administration

In any case the specific reviews of the relevant judgments, estimates, evaluations and projections to quantify assets, liabilities, income, expenses and commitments recorded and/or itemized in the financial information are conducted by the Management Control Department and Financial Department, with the support of the general departments concerned and subsequently submitted to Senior Management and the Audit Committee. The above aspects, specifically addressed and submitted to the cited bodies, have been demonstrated through the legal report that is part of the Group's consolidated annual financial statements.

As a general rule, the control activities are intended to adopt a balanced approach adapted to the characteristics of the transactions and to each geographic area/business unit, and to include a cost-benefit analysis and impact assessment, without losing sight of the goal of reliability of financial information. Within this context, on occasion control activities may focus more on substantive checks, rather than on mere compliance with the established procedures.

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

Within a control setting which encompasses, among other factors, professional competence of an adequately trained human capital, the Information Systems Department has established a general policy on the specialization and flexibility of functions of its human capital so as to achieve the two-fold objective of maintaining highly qualified personnel in key departmental areas while mitigating possible risks that arise from excessive dependence on persons in key positions.

A variety of control procedures and activities have been designed and established in order to reasonably guarantee:

- Business continuity as regards the timely recovery of essential business data in the event of disaster through the duplication of critical infrastructure and periodic backing up of information, stored in separate physical locations, and through a policy for the review and control of the integrity of the backup copies made.

- Security of access to all data and software. Among other physical control activities, the IT Department restricts access to authorized personnel in various areas where key IT elements of the Company are located, and these locations are monitored by adequate control and security systems. At the logical security level, techniques and tools exist and have been defined, configured and implemented to allow for restricting access to the computer applications and databases to authorized personnel only, depending on their role/function, through control procedures and activities for review of assigned users and roles, encryption of sensitive data, management and periodic modification of access passwords, control of unauthorized downloads of computer applications, and analysis of identified security incidents, among others.

- Policies and controls related to maintenance and implementation of computer applications. Among others, processes for requests for and approval of new computer applications at the appropriate level, definition of versioning and maintenance policies for existing applications and their associated action plans, definition of the various plans for application implementation and migration, for validation and change control in the evolution of applications, and risk management through separate operation, testing and simulation environments are defined and implemented.

- Separation of functions. Approved matrix for the separation of functions, whereby different roles are assigned to users according to the identified needs, with no exceptions allowed. 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 management of activities subcontracted to third parties, as well as aspects related to evaluation, calculation or appraisal entrusted to independent experts which may have a material effect on the financial statements.

In general, and to date, it should be noted that the general policy of Gamesa is not to outsource any activity considered likely to have a material effect or direct impact on the financial statements.

In any case, the outsourced activities refer basically to various administrative processes in local offices and small subsidiaries that are based on a contract of compensation for services rendered which clearly indicate the service delivered and the resources to be provided by the supplier. An external professional at the highest level, from one of the "big four" audit companies, will render the services; ensuring technical training, independence and competence of the subcontractor.

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

On the other hand there are currently no assessments, judgments or relevant calculations made by third parties.

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 General Financial Department and the Management Control Department are in charge of identifying, defining, updating and communicating the accounting policies which affect Gamesa, as well as responding to accounting questions from subsidiaries, different geographic areas and business units. Within this context, a close and smooth relationship is maintained with the Management Control Areas of the different geographic areas and business units. Responsibility for the implementation of the Group's accounting policies belongs to the aforementioned departments.

In addition, the aforementioned departments are in charge of informing Senior Management of new accounting legislation, the results of the implementation of such legislation and its impact on the financial statements.

On those occasions when the application of accounting standards is particularly complex, the external auditors will be informed of the conclusion reached by accounting analysis, and asked for their position on the conclusion reached.

The Group has an Accounting Policies Manual in line with the provisions of the Commercial Code and other commercial law and International Financial Reporting Standards adopted by the European Union so that the financial statements present the assets and the financial position fairly.

Monitoring the adoption of new standards or revised International Financial Reporting Standards (IFRS) and those standards, amendments and interpretations that have not yet entered into force is the responsibility of Consolidation Management, incorporated into the Financial Department.

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. The financial statements reported by the Group subsidiaries in the established formats, as well as the rest of the financial information required for both the accounting harmonization process and for complying with the established informational requirements, are used as inputs.

The Gamesa Group has implemented a software tool that collects the individual financial statements and facilitates the process of consolidation and preparation of financial information. This tool allows centralization, in a single system, of all the information resulting from the accounts of individual companies within the Group.

Within this context, the Accounting and Consolidation Department establishes a centralized plan for quarterly, semiannual and annual closes, distributing the pertinent instructions to each group and subgroup, regarding the scope of the work required, key reporting dates, standard documentation to be sent, and deadlines for reception and communication. These instructions include, among other aspects, the reporting and corporate consolidation package, preliminary close, intercompany billing, physical inventories, confirmation and reconcilement of intra-group balances, final close and outstanding matters.

A series of controls are implemented to ensure the reliability and proper processing of the information received from the various subsidiaries, including controls on the proper completion of the various consolidation entries, variance analysis for all financial items, and changes in results obtained compared with the monthly budget.

At the transactional system level, there is a standardized system (SAP) in which companies representing a significant portion of sales and assets and substantially all of the income in the fiscal year 2013 are included. This ensures greater control of standardized closing processes, and controls on the monitoring of system access by different users. There are automatic controls within the system which validate and ensure consistency of information handled.

F.5 **Monitoring the function of the system.**

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

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

Smooth communication exists between the Audit and Compliance Committee, Senior Management, the Internal Audit Manager and the External Auditors in order to ensure the availability of the information required to carry out its functions related to its responsibility for supervising the FIICS. At these regular meetings, the information and the related internal financial control are analyzed, and all questions of interest to the directors are discussed openly, so as to enable the monitoring of the financial information and the related internal control, as well as the adaptation of the implemented control policies and procedures, the accounting principles used, significant estimates, etc. In addition, identified internal control weaknesses will be discussed at these meetings, when appropriate.

Gamesa's Internal Audit Department supports the Committee in its task of monitoring the internal control system. In order to ensure its independence, the internal audit function is hierarchically dependent on the Board of Directors and, on its behalf, on its Chairman, and functionally dependent on the Committee, putting forward proposals for the election, nomination, re-election and dismissal of the person responsible for the internal audit service.

Moreover, the Audit Committee receives periodic information on the internal audit activities, approves its work plan and receives information on incidents arising over the course of these activities, as well as an activity report at the end of each fiscal year. During the fiscal year the Internal Audit Department performs a review of the internal controls considered most critical, informing the Committee of potential internal control weaknesses identified and action plans adopted for their mitigation.

In this context and in the framework of the ongoing standardization of control matrices from different geographic areas, as indicated above, the monitoring activities of the Committee include review and evaluation of the results based on substantive checks on key controls, among others, age analysis of accounts receivable, provision for wind turbine warranties, activation of development costs, recognition of percentage of completion criteria, activation of wind projects, deterioration and associated monitoring, delimitation of the consolidated Group and the accounting close process.

In order to make this monitoring possible, the Internal Audit services comply with the requests of the Committee in the exercise of their functions, and participate regularly in the meetings of the Audit and Compliance Committee, whenever required.

Furthermore, meetings are held between the Audit and Compliance Committee and the external auditors to address queries related to important matters, or whenever an area of the generally accepted accounting principles is unclear.

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

Since fiscal year 2007, the Audit and Compliance Committee has a written procedure which regulates its relations with the External Auditor of the Company and of its consolidated Group. The aforementioned "Regulatory Framework" has undergone various modifications for the purpose of updating it, through the inclusion of new actions and its adaptation to written policies and procedures which are part of internal regulations as a result of changes in legislation. The latest version was approved by the Chairman of Gamesa and the Chairman of the Committee on its behalf on July 23, 2013.

The Technical Audit Standards (NTA) issued by the Institute of Accounting and Auditing (ICAC) set forth the auditor's obligation to inform Management and the Audit Committee of any significant weaknesses detected in the internal control system during the course of the audit. Nevertheless, and regardless of the aforementioned requirement, the written procedure developed in the Regulatory Framework sets forth that, in any case, the external auditors must submit an annual report of recommendations to the Committee as the result of their work.

In accordance with the aforementioned internal regulations, and at least once a year, the external auditors attend a meeting of the Audit and Compliance Committee in order to present their recommendations for internal control which, where applicable, imply establishing the corresponding action plan in order to correct or mitigate any observed weaknesses.

In any case, as indicated above, the Audit Committee always meets prior to the publication of regulated information in order to gather and analyze the information required to carry out the functions that have been entrusted to it by the Board of Directors. At these meetings, the company's Annual and Six-Monthly Reports and the quarterly intermediate statements, as well as the rest of the information made available to the market, are analyzed in depth. In order to complete this process, the Audit and Compliance Committee receives all the documentation in advance and meets with the Management Control Department, the Financial Department, the Internal Audit Department and the account auditor in the case of the annual and semiannual reports, in order to ensure proper application of current accounting standards and the reliability of the financial information as well as to identify and discuss any relevant aspect of the preparation process and the resulting financial information.

The Internal Audit function reports the internal control weaknesses identified in the process reviews, and the status of implementation of the plans established for their mitigation to the Management Committee and the Audit and Compliance Committee regularly.

F.6 **Other relevant information**

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

F.7 **Report of the external auditor**

Report of:

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

FIICS information supplied to the market has not been submitted for review by the external auditor because it is not compulsory and in accordance with the fact that the rest of the information contained in the annual corporate governance report is subject to review only by the external auditor in relation to the accounting information contained in said report.

G DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

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

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

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

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

   Comply X Explain

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

   a) **Their respective areas of activity and possible business relations between them, as well as relations between the listed subsidiary and other Group companies;**

   b) **The mechanisms in place to resolve possible conflicts of interest that may arise.**

   See sections: D.4 and D.7

   Comply Comply partially Explain Not applicable X

3. **Although not expressly required under commercial law, transactions involving a structural change in the Company are subject to the approval of the shareholders' general meeting, and in particular the following transactions:**

   a) **The transformation of listed companies into holding companies through subsidization or the incorporation into subsidiaries of essential activities performed up to that time by the Company itself, even though the latter retains full control over them;**

   b) **The acquisition or disposal of key operating assets, when that would effectively alter the corporate purpose;**

   c) **Transactions whose effect would be equivalent to the liquidation of the Company.**

   See section: B.6

   Comply X Comply partially Explain

4. **The detailed proposals to be adopted at the general meeting, including the information referred to in recommendation 27, are made public at the time of publication of the notice convening the meeting.**

Comply X Explain

5. **In the general meeting voting is separate on those items that are essentially independent so that the shareholders can exercise their voting preferences separately. This rule applies specifically to:**

   a) **The nomination or ratification of directors, with separate voting on each candidate;**

   b) **In the case of amendments to the Bylaws, the rule applies to each article or group of articles that are materially different.**

Comply X Comply partially Explain

6. **The companies allow votes to be divided so that financial agents who are authenticated as shareholders but are acting on behalf of different clients can divide their votes in accordance with the client's instructions.**

Comply X Explain

7. **The Board performs its duties with unity of purpose and independent judgment, affording equal treatment to all shareholders, and is guided by the interests of the Company, understood as maximizing the economic value of the Company in a sustainable manner.**

   The Board ensures that in the Company's relationship with stakeholders the Company respects the laws and regulations, complies with its obligations and contracts in good faith, respects customs and good practices in the sectors and regions where it operates, and observes any additional principles of corporate responsibility that it has voluntarily accepted.

Comply X Comply partially Explain

8. **The Board assumes the responsibility, as the core of its mission, to approve the Company's strategy and the organization needed for its implementation, as well as to monitor and ensure that management meets the established objectives and respects the purpose and corporate interest of the Company. To that end, the Board in full reserves the right to approve:**

   a) **The policies and general strategies of the Company, specifically:**

      i) **The strategic or business plan, as well as the annual management objectives and budgets;**

      ii) **The investment and financial policy;**

      iii) **The definition of the structure of the group of companies;**

      iv) **The corporate governance policy;**

v) The corporate responsibility policy;

vi) The remuneration policy and performance evaluation of Senior Management;

vii) The risk control and management policy, and the periodic monitoring of internal information and control systems.

viii) The dividend policy as well as the treasury, in particular, its limits.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) At the proposal of the Chief Executive of the Company, the nomination and possible removal of Senior Management and their compensation clauses.

ii) The remuneration of directors and, in the case of Executive Directors, the additional remuneration for their executive duties and other terms set forth in their contracts.

iii) The financial information that the Company must make public due to being listed on the stock exchange.

iv) The investments or transactions of any type that, due to their volume or special characteristics, are strategic in nature, unless their approval corresponds to the general meeting;

v) The creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) The transactions which the Company conducts with directors, significant shareholders or shareholders represented on the Board, or with persons related thereto (related party transactions).

The authorization of the Board shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

1st. They are conducted under contracts whose terms are standardized and that are applied to many customers;

2nd. They are conducted at prices or rates generally set by the person supplying the goods or services concerned;

3rd. The amount does not exceed 1% of the annual revenue of the Company.

It is recommended that the Board approve related party transactions following a favorable report of the audit committee or, where applicable, of any other body that may have been assigned this duty, and the directors involved neither exercise nor delegate their votes, and withdraw from the meeting room while the Board deliberates and votes.

It is recommended that the powers hereby conferred on the Board not be delegated, with the exception of those mentionedin b) and c), which may be adopted for reasons of urgency by the executive committee and later ratified by the full Board.

See sections: D.1 and D.6

Comply X Comply partially Explain

9. **The Board has an appropriate size to achieve effectiveness and participation, ideally no fewer than five nor more than fifteen members.**

See section: C.1.2

Comply X Explain

10. **The proprietary and independent directors constitute a large majority of the Board and the number of Executive Directors is the minimum necessary, taking into consideration the complexity of the corporate group and the ownership interests of the executive directors in the capital of the Company.**

See sections: A.3 and C.1.3.

Comply X Comply partially Explain

11. **Within the external directors, the relation between proprietary members and independents reflects the proportion between the capital of the Company represented by the proprietary directors and the rest of the capital.**

This strict proportional criteria can be relaxed so that the weight of proprietary directors is greater than the total percentage of capital they represent:

1st. In companies with high capitalization where there are few or no equity stakes that attain the legal threshold for significant shareholdings, but there are shareholders with shares of high absolute value.

2nd. In the case of companies in which a plurality of shareholders are represented on the Board, but are not otherwise related.

See sections: A.2, A.3 and C.1.3

Comply X Explain

12. **The number of independent directors represents at least one third of all Board members.**

See section: C.1.3

Comply X Explain

13. **The nature of each director is explained by the Board to the shareholders' general meeting, which should effect or ratify the nomination, and confirm it, or where appropriate, review it annually in the Annual Corporate Governance Report, after verification by the nominating committee. And the said report also explains the reasons why he or she has been nominated as a proprietary director at the request of shareholders whose shareholding is less than 5% of the capital, and, if necessary, the reasons for not having accommodated formal requests for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose request proprietary directors were appointed.**

See sections: C.1.3 and C.1.8

Comply X Comply partially Explain

14. **When there are few or no female directors, the nominating committee ensures that when new vacancies are filled:**

    a) **The selection procedures are not implicitly biased against the selection of female directors;**

    b) **The Company makes a conscious effort to include women who meet the professional profile among potential candidates.**

    See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Comply X Comply partially Explain Not applicable

15. **The Chairman, as the one responsible for the effective functioning of the Board, ensures that directors receive adequate information in advance; stimulates debate and active participation of the directors during Board meetings, safeguarding their right to freely adopt positions and express opinions; and organizes and coordinates the Board's regular evaluation with the Chairmen of the relevant committees and, if necessary, with the CEO or Chief Executive.**

See sections: C.1.19 and C.1.41

Comply X Comply partially Explain

16. **When the Chairman of the Board is also the Chief Executive of the Company, one of the independent directors shall be empowered to call a meeting of the Board, to request the inclusion of new business on the agenda, to coordinate and express the concerns of the external directors and to direct the evaluation of the Chairman of the Board.**

See section: C.1.22

Comply X Comply partially Explain Not applicable

17. The Secretary of the Board especially ensures that the actions of the Board:

- **a) Adhere to the letter and spirit of the laws and regulations, including those issued by regulatory agencies;**
- **b) They comply with the Company's Bylaws and with the regulations of the Board, and other Company regulations;**
- **c) They consider the recommendations on good governance contained in the Unified Code accepted by the Company.**

And, to safeguard the independence, impartiality and professionalism of the Secretary, his or her nomination and removal is proposed by the nominating committee and approved by the full Board; and the procedure for nomination and dismissal is stated in the Board regulations.

See section: C.1.34

Comply X Comply partially □ Explain □

18. The Board meets as often as necessary to perform its duties efficiently, following the schedule of dates and agendas set at the beginning of the year. Each director may propose items for the agenda not initially included.

See section: C.1.29

Comply X Comply partially □ Explain □

19. Director absences are kept to a bare minimum and listed in the Annual Corporate Governance Report. And if representation is essential, instructions are given.

See sections: C.1.28, C.1.29 and C.1.30

Comply X Comply partially □ Explain □

20. When the directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, at the request of the person who expressed the concern it will be recorded in the minutes.

Comply X Comply partially □ Explain □ Not applicable □

21. The full Board shall evaluate annually:

- **a) The quality and efficiency of the Board;**
- **b) Based on the report submitted by the nominating committee, the performance of their duties by the Chairman of the Board and by the Chief Executive of the Company;**
- **c) The performance of its committees on the basis of the report submitted thereto.**

See sections: C.1.19 and C.1.20

Comply X Comply partially □ Explain □

22. All directors are able to exercise the right to request any additional information they require on matters within the competence of the Board. And unless the Bylaws or Board regulations indicate otherwise, such requests are addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Comply X Explain

23. All directors are entitled to receive accurate assistance from the Company in order to fulfill their duties. And the Company provides suitable channels for the exercise of this right, in special circumstances, including external assistance at Company expense.

See section: C.1.40

Comply X Explain

24. The Companies establish an orientation program that provides new directors with rapid and sufficient knowledge of the Company and its corporate governance rules. And they also offer directors refresher programs when circumstances warrant.

Comply X Comply partially Explain

25. Companies require their directors to devote sufficient time and effort necessary to perform effectively, and consequently:

a) Directors apprise the nominating committee of any other professional obligations, in case they might detract from the necessary dedication;

b) The companies establish rules on the number of Boards on which its directors may sit.

See sections: C.1.12, C.1.13 and C.1.17

Comply X Comply partially Explain

26. The proposal for the nomination or reelection of directors that is submitted by the Board to the shareholders' general meeting, as well as provisional nominations by co-option, are approved by the Board:

a) At the proposal of the nominating committee, in the case of independent directors.

b) Following the report of the nominating committee, in the case of other directors.

See section: C.1.3

Comply X Comply partially Explain

27. **Companies make public through their web sites and regularly update the following information on their directors:**

    a) **Professional and biographical profile;**

    b) **Other Boards to which they belong, whether or not they are listed companies**

    c) **An indication of the category to which the director belongs, proprietary or independent, and in the case of proprietary directors, the shareholder they represent or with whom they have ties.**

    d) **Date of first nomination as a director of the Company, as well as subsequent nomination, and;**

    e) **Company shares and share options which they hold.**

Comply X Comply partially ☐ Explain ☐

28. **The proprietary directors resign when the shareholder they represent sells its entire shareholding. And they also do so, in the appropriate number, when such shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors.**

See sections: A.2, A.3 and C.1.2

Comply X Comply partially ☐ Explain ☐

29. **The Board of Directors does not propose the removal of independent directors before the expiry of the period for which they were nominated, except where just cause is found by the Board, based on the report of the nominating committee. In particular, it is understood that there is just cause when the director has breached the duties inherent in his or her position, or under any circumstances causing the loss of his or her independent status in accordance with the provisions of Order ECC/461/2013.**

    They may also propose the removal of independent directors of takeover bids, mergers or other similar corporate transactions involving a change in the capital structure of the Company when such changes in the Board structure are caused by the proportionality criteria in recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Comply X Explain ☐

30. **The companies establish rules obliging directors to report and, if necessary, resign in those cases that could damage the credibility and reputation of the Company and, in particular, they are obliged to inform the Board of criminal cases in which are involved as defendants, as well as any subsequent trials.**

If a director is indicted or a decision is handed down against him or her during a trial for any of the crimes listed in Article 213 of the Capital Companies Act, the Board reviews the case as soon as possible and, in view of the specific circumstances, decides whether or not the director remains in office. And the Board gives a reasoned account of the events in the Annual Corporate Governance Report..

See sections: C.1.42, C.1.43

Comply X Comply partially □ Explain □

31. **All directors express clear opposition when they feel a proposal submitted to the Board may be contrary to the corporate interest. And they also do so, especially independents and other directors unaffected by the conflict of interest, when dealing with decisions that could harm shareholders not represented on the Board.**

    And when the Board makes significant or repeated decisions about which a director has serious reservations, the latter draws the appropriate conclusions and, if he or she chooses to resign, explains the reasons in the letter to which the following recommendation applies.

    This recommendation also applies to the Secretary of the Board, even though he or she is not a director.

Comply X Comply partially □ Explain □ Not applicable □

32. **When, either by resignation or otherwise, a director leaves office before the end of his or her term, he or she explains the reasons in a letter sent to all Board members. And, notwithstanding that such resignation is communicated as a significant event, the reason is explained in the Annual Corporate Governance Report.**

See section: C.1.9

Comply X Comply partially □ Explain □ Not applicable □

33. **Remuneration consisting of shares of the Company or Group companies, options or instruments indexed to the value of the share, variable remuneration linked to Company performance or pension plans are confined to Executive Directors.**

    This recommendation does not apply to the delivery of shares when directors are obliged to retain them until the end of their tenure.

Comply X Comply partially □ Explain □ Not applicable □

34. **The remuneration of external directors is at a level necessary to compensate them for the dedication, abilities and responsibilities that the post requires, but not so high as to compromise their independence.**

Comply X Explain □ Not applicable □

35. Remuneration related to the profits of the Company take into account any reservations that are stated in the report of the external auditor's findings and that reduce profit.

Comply X Explain ☐ Not applicable ☐

36. In case of variable remuneration, compensation policies include limits and technical safeguards to ensure that such compensation is in relation to the professional performance of the beneficiaries and not simply derived from the general progress of the markets or the industry in which the Company participates, or other similar circumstances.

Comply X Explain ☐ Not applicable ☐

37. When there is a managing or executive committee (hereinafter, Executive Committee), the membership structure of the various director categories are similar to that of the Board itself, and its secretary is the Secretary of the Board.

See sections: C.2.1 and C.2.6

Comply X Comply partially ☐ Explain ☐ Not applicable ☐

38. The Board is always aware of the matters discussed and the decisions made by the Executive Committee and all Board members receive copies of the minutes of the meetings of the Executive Committee.

Comply X Explain ☐ Not applicable ☐

39. The Board of Directors sets up a committee, or two separate committees, within the Board, for nominations and remuneration, in addition to the audit committee mandatory under the Securities Exchange Act.

The rules for the composition and functioning of the audit committee and the committee or committees for nomination and remuneration are listed in the Board regulations, and include the following:

a) The Board appoints the members of these committees, based on the knowledge, skills and experience of the directors and the duties of each committee; discusses its proposals and reports; and, at the first meeting of the full Board following the committee meetings, receives a report on their activities and the work performed;

b) These committees are formed exclusively of external directors, with a minimum of three members. The foregoing is without prejudice to the attendance of Executive Directors or Senior Management, when expressly agreed to by the members of the committee.

c) Their Chairmen are independent directors.

d) They may engage external advisers, when they deem it necessary for the performance of their duties.

e) Minutes of their meetings are taken, and a copy is sent to all Board members.

See sections: C.2.1 and C.2.4

Comply X Comply partially ☐ Explain ☐

40. The monitoring of compliance with internal codes of conduct and corporate governance rules is entrusted to the audit committee, the nomination committee, or, if they exist separately, the compliance or corporate governance committees.

See sections: C.2.3 and C.2.4

Comply X Explain

41. The members of the audit committee, and particularly its Chairman, are appointed with regard to their knowledge and experience in accounting, auditing and risk management.

Comply X Explain

42. Listed companies have an internal audit function which, under the supervision of the audit committee, ensures the proper functioning of information systems and internal control.

See section: C.2.3

Comply X Explain

43. The head of the internal audit function presents its annual work plan to the audit committee; reports to it directly on any incidents arising during its work; and submits a report of activities at the end of each year.

Comply X Comply partially Explain

44. The control and risk management policy identify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) that the Company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks;

b) The level of risk that the Company considers acceptable;

c) The planned measures to mitigate the impact of identified risks, should they materialize;

d) Information systems and internal control are used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: E

Comply X Comply partially Explain

45. The duties of the audit committee:

1st. With regard to information systems and internal control:

a) The main risks identified as a result of monitoring the effectiveness of internal control of the Company and the internal audit function, if any, are managed and properly disclosed.

b) Ensure the independence and effectiveness of the internal audit function; propose the selection, nomination, reelection and removal of the head of the internal audit service; propose a budget for this service; receive periodic information on its activities; and verify that Senior Management takes into account the conclusions and recommendations of its reports.

c) Establish and monitor a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the Company.

2nd. With regard to the external auditor:

a) Receive information regularly from the external auditor on the audit plan and the results of its execution, and verify that Senior Management is taking into account its recommendations.

b) Ensure the independence of the external auditor, to which end:

i) The Company reports the change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and, if any, their content.

ii) In case of resignation of the external auditor, the circumstances that caused it are examined.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Comply X Comply partially Explain

46. The audit committee may call any employee or director of the Company, even ordering their appearance without the presence of any other manager.

Comply X Explain

47. The audit committee reports to the Board, prior to the adoption of the corresponding decisions, on the following points from recommendation 8:

a) The financial information that the Company must make public due to being listed on the stock exchange. The Committee should ensure that interim statements are prepared using the same accounting principles as the annual statements and, to this end, may conduct a limited review of the external auditor.

b) The creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related party transactions, except where their preliminary reporting has been entrusted to another committee of monitoring and control.

See sections: C.2.3 and C.2.4

Comply X Comply partially Explain

48. The Board of Directors presents the accounts to the general meeting without reservations or qualifications in the audit report and, if exceptional circumstances exist, both the Chairman of the audit committee and the auditors clearly explain the content and scope of such reservations or qualifications to shareholders.

See section: C.1.38

Comply X Comply partially   Explain

49. The majority of the members of the nominating committee, or nominating and remuneration committee, if they are one, are independent members.

See section: C.2.1

Comply X Explain   Not applicable

50. The following duties correspond to the nominating committee, in addition to the functions stated in earlier recommendations:

a) Evaluate the skills, knowledge, and experience necessary for Directors, and define, as a result, the required functions and abilities, and evaluate the amount of time and dedication required to properly carry out their tasks.

b) Review and organize, as appropriate, the succession of the Chairman and Chief Executive, and, where appropriate, submit proposals to the Board so that this succession can take place in an organized and planned manner.

c) Report the nomination and removal of Senior Managers that the Chief Executive proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in recommendation 14 of this Code.

See section: C.2.4

Comply X Comply partially   Explain   Not applicable

51. The nominating committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors.

Any Director may request that the nominations committee consider potential candidates to fill vacancies on the Board, if it finds them suitable.

Comply X Comply partially   Explain   Not applicable

52. The following duties correspond to the remuneration committee, in addition to the functions stated in earlier recommendations:

a) Propose to the Board of Directors:

i) The remuneration policy for the Directors and Senior Management;

ii) The individual remuneration for Executive Directors and other conditions of their contracts.

iii) The basic conditions of the contracts of the Senior Management.

b) Ensure that the remuneration policy established by the Company is observed.

See sections: C.2.4

Comply X Comply partially Explain Not applicable

53. The remuneration committee consults the Chairman and Chief Executive of the Company, especially on matters relating to Executive Directors and Senior Management.

Comply X Explain Not applicable

H OTHER INFORMATION OF INTEREST

1. If there is a materially relevant aspect of corporate governance in the Company or Group entities that has not been discussed in other sections of this report, but which it is necessary to include to present more complete and reasoned information on the structure and governance practices in the Company or its Group, explain briefly.

   (A.2.)

   To complement the information provided in paragraph A.2 note that the detail of the direct and indirect holders of significant shareholdings in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and particularly in relation to the shareholding position of BLACKROCK, INC. DIMENSIONAL FUND ADVISORS LP it is stated that the number of direct and indirect voting rights includes the latest communications of these entities to the National Securities Market Commission, based on which and according to the current share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. its percentage share of the total voting rights is calculated. The percentage resulting from this calculation differs from that recorded in the archives of the National Securities Market Commission since, in the absence of further communications to that body by the companies owning significant stakes after the capital increase of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. closed on July 24, 2012, the percentage resulting from this calculation is less because the total of the voting rights is greater than at the date of communication.

   It is hereby expressly stated that according to the records of the National Securities Market Commission DIMENSIONAL FUND ADVISORS LP holds an equity position in excess of 3% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and therefore is a significant shareholder.

   To complement the information provided in paragraph A.2 also note that with regard to the significant holdings of BLACKROCK INC. and DIMENSIONAL FUND ADVISORS LP they are not the direct holders of the voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. since, on one hand, none of the direct holders included by BLACKROCK INC. in its submission to the National Securities Market Commission exceeds the threshold of a 3 % direct stake in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and on the other hand, DIMENSIONAL FUND ADVISORS LP has not provided its identity under Article 34 of Royal Decree 1362/2007 of October 19, through which the Securities Market Act was developed in connection with the transparency requirements in relation to information about issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union (hereinafter the Royal Decree 1362 /2007), stating that none of its clients owns a share greater than or equal to 3% of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(A.3)

To complement the information provided in paragraph A.3 note that Ms. Benita Ferrero-Waldner, Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until February 27, 2013, holds one hundred four (104) shares of the Company.

(A.8)

To complement the information provided in paragraph A.8 note that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. signed a 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.

The extension of that liquidity contract was submitted to the National Securities Market Commission by Significant Event 194705, on October 31, 2013. Also, the operations during fiscal year 2013 were submitted to the National Securities Market Commission under the same through Significant Events numbers 181,949; 186,424; 191,565; 194,807 and 199,597.

(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 2013 by four shareholders who were holders of a total of fourteen thousand nine (14,009) shares.

(C.1.3)

To complement the information provided in paragraph C.1.3 a brief profile of Executive, Proprietary and other External Directors is given below:

EXECUTIVE DIRECTORS

Ignacio Martín San Vicente

Born in San Sebastián (Guipúzcoa). He is currently Chairman of the Board of Directors and Chief Executive Officer, and Chairman of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds an Electronic Superior Engineering Degree from the University of Navarra.

Along his professional career he has hold different posts in companies like GKN Automotive International (1987-1998) where he held the post of CEO in the United States and General Director of the Group for America, among others. Likewise he was Deputy General Director to the Chairman of Alcatel España (1998-1999); General Director of Operations in Europe in GKN Automotive Internacional (1999-2001) and Deputy Chairman in CIE Automotive having previously hold the posts of Chief Executive Officer (2002-2010) and Executive Deputy Chairman (2010-2011) in the aforementioned company.

Currently he is Independent Director in Bankoa-Credit Agricole and Higiestime 21, S.L.. Likewise he is Director in the Board of Directors of APD (Asociación para el Progreso de la Dirección).

Carlos Rodríguez-Quiroga Menéndez

Born in Madrid. He currently holds the position of Member of and Secretary to the Board of Directors and Secretary (non Member) of the Executive Committee, Secretary (non Member) of the Audit and Compliance Committee and Secretary (non Member) of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Law Degree from the Complutense University of Madrid.

Diploma-holder of Employment Law from the Legal Practice School of Madrid.

Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

Practicing lawyer.

Over the last few years, he has performed the tasks of Director of or Secretary to the Board of Directors, among other positions, in the following companies: Audiovisual Española 2000, S.A., Quanto Arquitectura Internacional, S.L., Construcciones Sarrión, S.L., Club de Campo Villar Olalla, S.A., Grupo de Proyectos y Servicios Sarrión, S.A. and Rodríguez-Quiroga Abogados, S.L. He is also Member of the Fundación España-Guinea Ecuatorial and of the Fundación Pro Real Academia de Jurisprudencia y Legislación.

PROPRIETARY DIRECTORS

Sonsoles Rubio Reinoso

Born in Segovia, she holds the position of Member of the Board of Directors, of the Executive Committee and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

She holds a degree in Economics and Business from the Universidad Autónoma of Madrid.

She completed her training as post graduated at ICEA, IESE and *Centro de Estudios Financieros*. She is also *Técnico en Aseguramiento de la Calidad*, Certified Internal Audit and Certified Fraud Examiner.

Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A. (1995-1999), Holcim (Spain), S.A. (1999-2008) and Iberdrola (2008-2011). Until the beginnging of 2013 she has hold the post of Internal Audit Manager of Renewable Business in Iberdrola, S.A. and currently she holds the post of Compliance Chief Officer of Iberdrola, S.A.

She is Member of the Steering Committee of the *Instituto de Auditores Internos* since May 2007.

Throughout her career she has published articles and given many talks. She also teaches at the Seminar "*Creación y gestión de un Departamento de Auditoría Interna"* since 2009.

Ramón Castresana Sánchez

Born in de Madrid, he holds the position of member of the Board of Directors and of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Degree in Economics and Business Administration by the Universidad Complutense.

Along his professional career he has hold different posts in the private sector. He hold the post of Senior Consultant in KPMG Peat Marwick (1990-1992), and Manager in Coopers & Lybrand (1993-1995) and in Ernst & Young Consultores (1995-1998), in both last cases in the division of commercial development, management and execution of business restructuring projects and re-engineering of procedures.

In 1998 he joined the Iberdrola Group where he currently holds the post of Human Resources Director. In the Iberdrola Group he has held the post of Projects Director in the Iberdrola Transformation Project (1998-2000), Manager of Staff Administration (2001), Manager of development of Human Resources of the Corporate Functions (2002-2003), Director of Organization and Human Resources of Iberdrola Renovables and of Iberdrola Ingeniería y Construcción (2003-2004), Director of Organization and Human Resources of Iberdrola Generación (2004-2007), and Director of Human Resources of the Corporate Functions and Compensation (2007-2008). It shall also be pointed out that he was Chairman of the Iberdrola Ethical Code Committee (2009-May2012) and his post as member of the Board of Directors of Iberdrola USA (2008-May 2012).

In 2012 he received the Award Iberoamerican Forum given by AEDIPE (*Asociación Española de Dirección y Desarrollo de Personas*) to the professional career in human resources.

(C.1.12)

To complement the information provided in paragraph C.1.12 note that Ms. Benita Ferrero-Waldner, Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until her resignation on February 27, 2013, holds the position of Director in the listed entity MUNICH RE (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München).

(C.1.14)

To complement the information provided in paragraph C.1.14 note that Article 40 of the Corporate Bylaws and Article 5 of the regulations of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. contain the functions of the Board of Directors. The full texts of both are available at www.gamesacorp.com.

(C.1.15)

To complement the information provided in paragraph C.1.15 note that:

a) pursuant to the provisions of Articles 46.2 and 46.5 of the Corporate Bylaws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and of those provisions approved under the ninth accord of the agenda of the General Shareholders' Meeting of 2013 held on April 19, 2013, the remuneration of the Company to all directors of fixed annual remuneration and allowances for their dedication and assistance does not exceed the maximum amount of two million (2,000,000) euros fixed by said General Shareholders' Meeting, as such compensation is compatible with and independent of the remuneration received by executive directors.

b) included within the remuneration of the Board of Directors is the annual variable remuneration paid by the Chairman for meeting objectives and individual performance during the year in accordance with the Company remuneration policy. Conversely the allocation of the long-term incentive approved by the General Meeting of 2013, whose measurement period ends December 31, 2015, is not included.

c) the information shown in the same coincides with the figure in Note 19 of the Individual Report and Note 30 of the Consolidated Report, which form part of the financial statements for fiscal year 2013.

(C.1.16)

To complement the information provided in paragraph C.1.16 note that the Board of Directors of the Company, at its meeting of June 21, 2013, as proposed by the Nomination and Remuneration Committee, decided to include David Mesonero Molina, Director of Business Development, within the Senior Management of the Company.

To complement the information provided in paragraph C.1.16 note that on February 1, 2014 GAMESA CORPORACIÓN TECNOLÓGICA, S.A. named a new Chief Financial Manager, Mr. Ignacio Artázcoz Barrena, replacing Mr. Juan Ramón Iñarritu Ibarreche.

(C.1.29)

To complement the information provided in paragraph C.1.29 note that of the total of twelve (12) meetings of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held during fiscal year 2013, one of them took place in writing without a meeting, a possibility that is expressly stated in Article 20.5 of the regulations of the Board of Directors, applicable to the Audit and Compliance Committee under Article 19.4 of the regulations of the Audit and Compliance Committee.

(C.1.33)

To complement the information provided in paragraph C.1.33 note that the Secretary Director of the Board of Directors, in accordance with his status as a lawyer and in accordance with the provisions of Article 13.4 of the regulations of the Board of Directors, holds the position of Legal Adviser to the Board of Directors. Article 13.3 of the regulations of the Board of Directors states that the Secretary will look after, in all cases, the formal and material legality of the actions of the Board of Directors and indicate how it shall perform its actions.

The Secretary Director of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Mr. Carlos Rodríguez-Quiroga Menéndez, who is the Executive Director, was re-elected to his post by the General Shareholders' Meeting held on April 19, 2013.

(C.1.35)

To complement the information provided in paragraph C.1.35 note that Article 5 of the regulations of the Board of Directors and Article 29 of the regulations of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. regulate the relations of said Committee with the External Auditor. The full text is available at www.gamesacorp.com

(C.1.45)

To complement the information provided in paragraph C.1.45 note that at the time of the convocation of the 2013 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 "Additional Information to the 2012 Annual Corporate Governance Report of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., in accordance with Article 61 bis of Law 24/1988, of July 28, on the Securities Market" which, like the 2012 Annual Corporate Governance Report, was included in the Supplementary Report of Annual Account Management for the fiscal year ended December 31, 2012.

(C.2.1)

To complement the information provided in paragraph C.2.1 note that Mr. Carlos Rodríguez-Quiroga Menéndez holds the position of non-member Secretary of the Executive Committee, of the Audit and Compliance Committee and of the Nomination and Remuneration Committee.

To complement the information provided in paragraph C.2.1, note variations during and since the close of the fiscal year in the committees of the Board of Directors and other information as follows:

Audit and Compliance Committee

The Audit and Compliance Committee, at its meeting of November 6, 2013, before the expiry of the maximum duration of four (4) years the office of Chairman, which position was held by Mr. José María Vázquez Egusquiza until that time, and in compliance with Article 16 of the regulations of the Audit and Compliance Committee, agreed to redistribute the positions of its members naming Mr. Luis Lada Díaz as the new Chairman of said Committee.

The Board of Directors, at its meeting of January 29, 2014, agreed to appoint, on the proposal of the Nominating and Remuneration Committee, Mr. Manuel Moreu Munaiz, Independent Director of the Board of Directors of the Company, as a new member of the Audit and Compliance Committee.

(C.2.4)

To complement the information provided in paragraph C.2.4 note that the basic responsibilities of the Audit and Compliance Committee referred to in Article 18.4 of the Regulations of the Board of Directors and reproduced in paragraph C.2.4 must be in line with those established in Article 5 of the regulations of the Audit and Compliance Committee.

(D.2)

To complement the information provided in paragraph D.2 note that this information is related to Note 32 of the Consolidated Report integrated into the Annual Financial Statements for 2013.

Also note that the amount attributed to Services Received from IBERDROLA, SA, included in said Note 32 of the Consolidated Report, corresponds to the electrical supply for facilities of the Gamesa Group by IBERDROLA, S.A., although this amount was not included in Section D.2 since it does not warrant consideration.

(D.4)

To complement the information provided in paragraph D.4 note that:

a) the Gamesa Group companies established in countries or territories which are considered tax havens, according to Law 1080/1991, of July 5, 1991, are classified as operating companies and are exclusively considered to carry out an ordinary course of business.

b) there are no operations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. with such companies of the Gamesa Group in countries or territories considered tax havens according to Decree 1080/1991, of July 5, rather they affect other companies in the Group that are parent companies of the different businesses, with operations such as the following:

Company name of the entity in its group	Brief description of the transaction	Report (thousands of euros)
Gamesa Singapore Private Limited	Interest on intragroup financing	64
Gamesa Cyprus Limited	Intragroup sales and rendering of services	57
Gamesa Cyprus Limited	Interest on intragroup financing	72
Gamesa Dominicana, S.A.S.	Intragroup sales and rendering of services	627
Gamesa Dominicana, S.A.S.	Interest on intragroup financing	14

(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 2013.

2. Within this paragraph can also be included any other information, clarification or array related to previous paragraphs of the report to the extent that they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to legislation different from the Spanish legislation on corporate governance and, where applicable, include the information that is required that is different from that specified in this report.

3. The company may also indicate whether it has acceded voluntarily to other ethical principles or codes of good practice, international, regional or other. In that case, the code in question and the date of accession shall be identified.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has adhered voluntarily to various codes of ethics or codes of practice, these being the following:

a) "United Nations Global Compact", which is promoted by the United Nations and its goal is the commitment and support to promote the ten principles of human and labor rights, environmental protection and the fight against corruption. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. voluntarily acceded, as of February 2, 2005, and annually publishes a Progress Report (COP) of review of compliance with these principles.

b) "Global Reporting Initiative (GRI)" which is promoted by the NGO Global Reporting Initiative. Its goal is to create an environment for the exchange of transparent and reliable information on sustainability through the development of an application framework common to all kinds of organizations. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of December 14, 2005.

c) "Caring for Climate: The business leadership platform", promoted as an initiative of the UN Global Compact. Its goal is the involvement of businesses and governments in taking action on climate change, energy efficiency, reduction of emissions of greenhouse gases (GHGs) and positive collaboration with other public and private institutions. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of June 18, 2007.

d) "Principles of Empowerment of Women", promoted by UN Women / UN Global Compact of the United Nations and aiming to build stronger economies, establish a more stable and just society, achieve compliance development, sustainability and human rights and improve the quality of life of women, men, families and communities. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of December 22, 2010.

e) "Code of Conduct for the Development of Wind Farms in the State of New York," sponsored by the Office of the Attorney General of the State of New York (United States) and aiming to promote economic development and renewable energy, and promote public integrity in developing wind farms. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily as of March 1, 2012.

f) "Prince of Wales Business Leaders Group on Climate Change" sponsored by The Prince of Wales Corporate Leaders Group on Climate Change. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has added its signature successively to the releases of Carbon Price (2012), Cancun (2010), Copenhagen (2009) and Poznan (2008) about climate change in the United Nations Framework Convention of the United Nations on Climate Change (UNFCCC). These accessions represent a call from the international business community to foster policies and take actions to combat climate change. GAMESA CORPORACIÓN TECNOLÓGICA, S.A. acceded voluntarily to the "Prince of Wales Business Leaders Group on Climate Change" as of January 21, 2013.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting held on February 26, 2014.

Indicate whether any Directors voted against or abstained from the approval of this report.

Yes ☐ No X

Name or company name of director who did not vote in favor of the adoption of this report	Reasons (against, abstention, absence)	Explanation of the reasons

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

HEREBY CERTIFY:

That the text of the Management Report for 2013 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on 27 February 2013 is the content of the preceding 135 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

Manuel Moreu Munaiz
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

Luis Lada Díaz
Member of the Board of Directors

Ramón Castresana Sánchez
Member of the Board of Directors

José María Vázquez Eguskiza
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

José María Aldecoa Sagastasoloa
Member of the Board of Directors

Madrid, 26 February 2014 In witness whereof

Approval of the Chairman

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors