2013 Annual Report

Gamesa

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Message from the Chairman

Dear shareholder,

2013 was the year in which we launched and deployed our 2013-2015 business plan. As part of this plan, we promised to put Gamesa back on the path to profitability and efficiency, strengthen our capital structure and enhance our competitive positioning.

The initiatives carried over the course of last year prove our ability to steadily execute this strategy and evidence the fact that the measures taken under the umbrella of this plan are on target. Not only did we deliver on our guidance for 2013, we surpassed it, despite operating in a challenging environment marked by slowing demand, regulatory uncertainty and intense competition in the main markets.

Our sales volume last year was 1,953 MWe. Revenue, meanwhile, narrowed by 8% year-on-year to €2.34 billion, shaped by lower volumes and the impact of adverse currency trends in Brazil and India. Despite this backdrop, our margins widened.

Recurring EBIT totalled €129 million in 2013, which translated into a margin of 5.5%, significantly above the 2012 EBIT margin of 2% and topping our guidance range (3%-5%).

Our aim is to continue to boost the company's profitability, underpinned by our project mix strategy, steady execution of our cost streamlining programmes and the growing contribution of our services division. This division warrants special mention due to its recurring contribution to the company's earnings, having accounted for 16% of total revenue and presented an EBIT margin of 11.7% in 2013.

As well as driving margin expansion, the measures rolled out in 2013 enabled us to reduce our financing needs while making decisive progress on shoring up our financial health, having reduced net debt plus non-recourse factoring by €275 million.

Progress on shareholder value creation

Meanwhile, Gamesa forged ahead with its sales and product strategy, tapping new markets and closing agreements with new customers. We are currently present in over 50 countries, combining a meaningful leadership position in fast-growing markets, such as Latin America and India, with strong positioning in legacy markets, such as Europe and the US. In 2013, Gamesa also achieved several technological milestones, launching new turbines and O&M services onto the market. These milestones notably include the installation and commissioning of our debut offshore turbine and the first in Spain.

Gamesa reinforced its stakeholder pledges in parallel. Having installed cumulative capacity of almost 30 GW, the company prevents over 43 million tonnes of carbon emissions annually, thereby helping to reduce greenhouse gas emissions. Gamesa builds social responsibility into every corner of its business model. This means monitoring and implementing best corporate governance practices and developing initiatives to drive continual improvement in our employees' workplace health and safety.

The company is firmly committed to its customers and the development of its suppliers, while attending to the communities in which it operates.

This solid performance was mirrored in last year's share price performance. Gamesa's shares gained over 350% in 2013, ending the year at €7.58. This rally was instrumental in the readmission of Gamesa into Spain's benchmark blue chip stock index, the Ibex 35, having met the associated market capitalisation and liquidity criteria.

The financial and earnings momentum, sustainable development, share price performance and progress towards a more flexible organisational structure position Gamesa for continued profitable growth. The company is set to play a significant role in upcoming sector consolidation, which we view as much needed and inevitable. Against this backdrop, and in parallel with execution of its organic growth plan, Gamesa began to move its offshore strategy forward, having announced an agreement in principle with Areva for the creation of joint venture. This collaboration will position the new company as a leading player in the offshore wind segment, which will undoubtedly prove a growth industry in the years to come.

We have taken the first steps without erring; however, this does not mean that we have delivered on all our objectives. Our sights will be set on these strategic priorities for the remaining two years of our business plan in order to make further progress on creating value for our shareholders, whom I would like to thank for their ongoing support and contribution to the Gamesa business story.

Ignacio Martín
Chairman

Message from the Business CEO

Dear shareholder,

Gamesa's earnings performance in 2013 proves that we are on the right track with the orientation of and measures rolled out under the 2013-2015 business plan, which focuses on renewed profitability, financial health, the prioritisation of strategic markets and the development of competitive technological solutions. All of which underpinned by a new organisational structure designed around processes which guarantee speedier and higher quality execution of our plans for transforming the company.

These earnings topped the guidance provided to the market; under the transformed business model, the company is making steady progress towards the value creation vision contemplated in the plan for 2015, enabled by ongoing fixed cost-cutting, variable cost streamlining and select investing.

Gamesa concentrated its efforts on adapting its structure to match the new market environment and launching product cost optimisation measures, the impact of which will gradually ramp up, being felt in full in 2015. The measures taken under the umbrella of the business plan are also aimed at reinforcing the company's financial health by means of stricter working capital management and more select capital expenditure, in line with prevailing market demands. The product make & buy, modularisation strategy, coupled with the decision to leverage the company's existing megawatt and multi-megawatt platforms for new product development purposes, are unquestionably key strategic drivers. Technological leadership remains one of Gamesa's core values and top priorities. The fact that we have launched three new products since the end of 2012 - the G114-2.0 MW, the G114-2.5 MW and the G128-5.0 MW, the latter in onshore and offshore versions - speaks volumes for our technological prowess.

These turbines, which evolve from our existing platforms, cater to all of our customers' needs and are sector benchmarks on account of their ability to maximise output and reduce the cost of energy. This leadership is evident in the development of new and more value-adding products in the operations and maintenance area, such as the GPA, life extension and energy thrust services, thanks to which the services division is set to make a recurring and growing contribution to earnings.

Commercial diversification strategy

If 2013 was the year in which Gamesa found its way back to profitability, in 2014 we will witness a turnaround in global demand which will drive growth in volumes and revenue. I would like to single out one driver among the main growth levers: the sales diversification strategy pursued by Gamesa in recent years.

Gamesa's solid presence in India, Mexico and Brazil is unquestionably one of our greatest competitive advantages. Gamesa is the number one ranked OEM in both India and Mexico, with a market share of 19% and 73%, respectively, and the number two player in Brazil, a country expected to install roughly 9,000 MW between now and 2018.

This position is the result of the sum of Gamesa's various strategic advantages: early entry into these markets; our presence in the wind farm development business, key in the self-supply segments in India and Mexico; deep local market knowledge; the development of products and services adeptly tailored to customers' needs; and the establishment of a supply chain and manufacturing presence adapted to each market's requirements.

The US market, in contrast, characterised by a boom-bust cycle, contracted sharply in 2013. However, the renewal of the regime's production tax credits at the end of 2012 foreshadows a market recovery in 2014, with this market expected to install 15,500 MW between 2014 and 2016. The bright outlook for the US market affords Gamesa a major sales opportunity, having signed a series of framework agreements over the course of 2013 for the supply and maintenance of turbines.

The earnings contribution by Europe & RoW was broadly flat last year, at 24% of revenue, compared to 27% in 2012. Gamesa successfully defended its leadership position thanks to an astute product development strategy focused on the technological evolution of its 2 MW and 5 MW platforms.

Gamesa's ability to enter new markets is similarly noteworthy. Last year, the company signed its first contracts in Kenya, Mauritania and the Philippines. These agreements extend Gamesa's geographic footprint to 50 countries, further underscoring its steady international expansion.

The outlook for the market, the orderbook and the impact of the cost-cutting and financial health measures enshrined in the business plan lead Gamesa to expect growth in sales volumes and profit margins in 2014, coupled with continued deleveraging, thereby paving the way for renewed shareholder value creation.

In sum, these strategic imperatives, focused on sales diversification, technological excellence and the implementation of new process-based management models, which is already up and running, will enable Gamesa to remain a competitive, efficient and profitable company, ready to take on the challenges looming.

Xabier Etxeberria
Business CEO

Gamesa in 2013

01

Key metrics

28,838 MW
cumulative installed capacity

6,388 MW
of propietary capacity

2,071 MW
installed in 2013

18,286 MW
wind farm pipeline

In **50 countries**
around the world

1,953 MWe
sold in 2013

19,962 MW
under maintenance

43 million
tonnes of carbon emissions prevented

ECONOMIC INDICATORS	2013	2012	2011	2010	2009
Sales (MM€)	2,336	2,844 [1]	3,033	2,764	3,229
Equivalent MW sold	1,953	2,119	2,802	2,405	3,145
EBIT (MM€)	123	(631) [1]	131	119	177
Net BDI (MM€)	45	(659)	51	50	115
NFD/EBITDA	1,5x	2,5x [2]	2x	-0,6x	0,7x
Share price at year-end (€)	7.58	1.66	3.21	5.71	11.78
Earnings per share (€)	0.1796	(2.63)	0.209	0.208	0.48
Gross dividend per share	0	0	0.051	0.119	0.21

SOCIAL INDICATORS	2013	2012	2011	2010	2009
Workforce	6,079	6,646	8,357	7,262	6,360
Sick leave frequency Index	1.74	2.39	3.84	4.19	4.91
Severity Index	0.05	0.07	0.09	0.13	0.16
Headcount outside Spain (%)	36	36	42	36	31
Female employees (%)	23.65	23.74	23.17	24.55	25.52
Employees on permanent contracts (%)	92	92	88	87	86
Training hours / employee	7.49	23.59	39.57	32.27	32.32

SUSTAINABILITY INDEXES	2013	2012	2011	2010	2009
United Nations Global Compact	√	√	√	√	√
Dow Jones Sustainability Index	-	√	√	√	√
FTSE4Good	√	√	√	√	√
Ethibel Excellence Europe	√	√	√	√	√
Global Challenges Index	√	√	√	√	√
CleanTech index (CTIUS)	√	√	√	√	√

ENVIRONMENTAL INDICATORS	2013	2012	2011	2010	2009
Raw materials consumed (tonnes)	103,507	119,687	137,254	113,364	129,601
Energy consumption (TJ)	1,008	1,185	1,279	1,217	1,061
Water consumption (m^3)	80,048	95,261	101,105	93,140	91,225
Waste generated (tonnes)	10,346	11,191	16,336	15,952	16,069
Discharges (m^3)	62,356	59,332	61,488	56,113	61,237
Carbon emissions (tonnes of CO_2)	39,436	47,656	56,747	57,982	48,062
Carbon emissions avoided (millions of tonnes of CO_2) [4]	43.25	40.15	36.21	31.25	27.37
Energy consumption rate (GJ)	430	416	421	401	321
Water consumption rate (m^3)	34	33	33	34	28
Waste generation rate (tonnes)	4	4	5	5	5
Discharge generation rate (m^3)	27	20	20	20	17
Carbon emission rate (tonnes)	17	16	18	21	15
Carbon emission avoidance rate (tonnes)	1,329	1,384	1,636	1,403	1,036

1. Considering the wind farm development and sale businesses in the US as continuing operations.
2. Excluding non-recurring items.
3. Tonnes of carbon emissions avoided by virtue of the wind energy capacity installed by Gamesa. Cumulative figures.

Organisation

Board of Directors

Chairman
Ignacio Martín — Executive

Deputy Chairman
Juan Luis Arregui — Independent

Members
José María Vázquez — Independent
Sonsoles Rubio — Proprietary
Luis Lada* — Independent
Ramón Castresana — Proprietary
José María Aldecoa — Independent
Manuel Moreu — Independent
José María Aracama — Independent

Secretary and board member
Carlos Rodríguez-Quiroga — Executive

Deputy Secretary, non member
José Antonio Cortajarena

*Lead Independent Director

Executive Committee

Chairman
Ignacio Martín — Executive

Members
Juan Luis Arregui — Independent
José María Aldecoa — Independent
Luis Lada — Independent
Sonsoles Rubio — Proprietary

Secretary non member
Carlos Rodríguez-Quiroga — N/A

Deputy Secretary, non member
José Antonio Cortajarena — N/A

Audit and Compliance Committee

Chairman
Luis Lada — Independent

Members
José María Vázquez — Independent
Sonsoles Rubio — Proprietary
Manuel Moreu — Independent

Secretary non member
Carlos Rodríguez-Quiroga — N/A

Appointment and Remuneration Committee

Chairman
José María Aracama — Independent

Members
Juan Luis Arregui — Independent
Ramón Castresana — Proprietary

Secretary non member
Carlos Rodríguez-Quiroga — N/A

Management

Executive Chairman
Ignacio Martín

Internal Audit
Félix Zarza

Chief Financial Officer
Ignacio Artázcoz

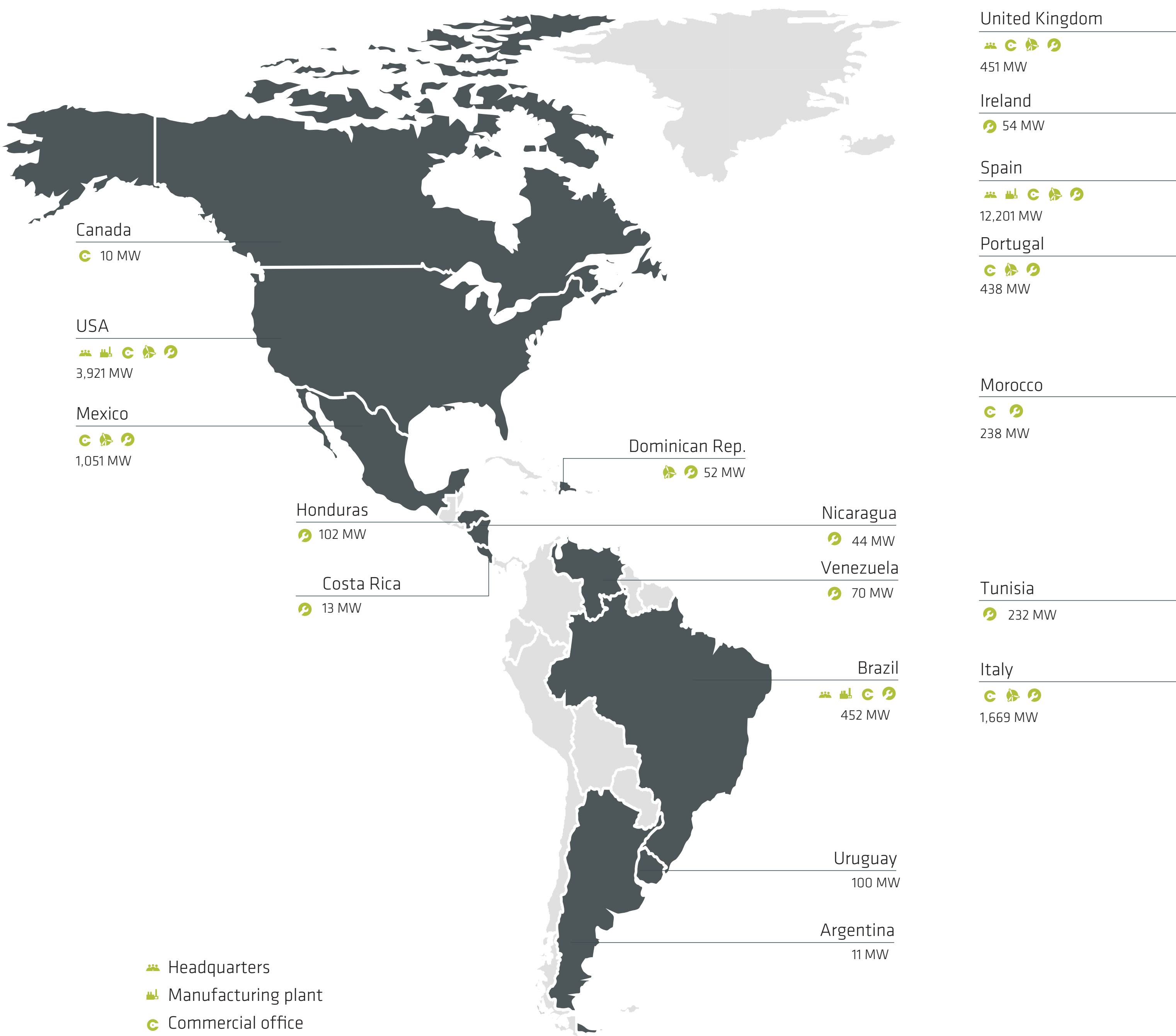
Business CEO
Xabier Etxeberria

- **CEO Europe + RoW**
  Ricardo Chocarro
- **CEO India**
  Ramesh Kymal
- **CEO USA**
  Borja Negro
- **CEO China**
  José Antonio Miranda
- **Managing Director Brazil**
  Edgard Corrochano
- **Services Managing Director**
  Pedro López

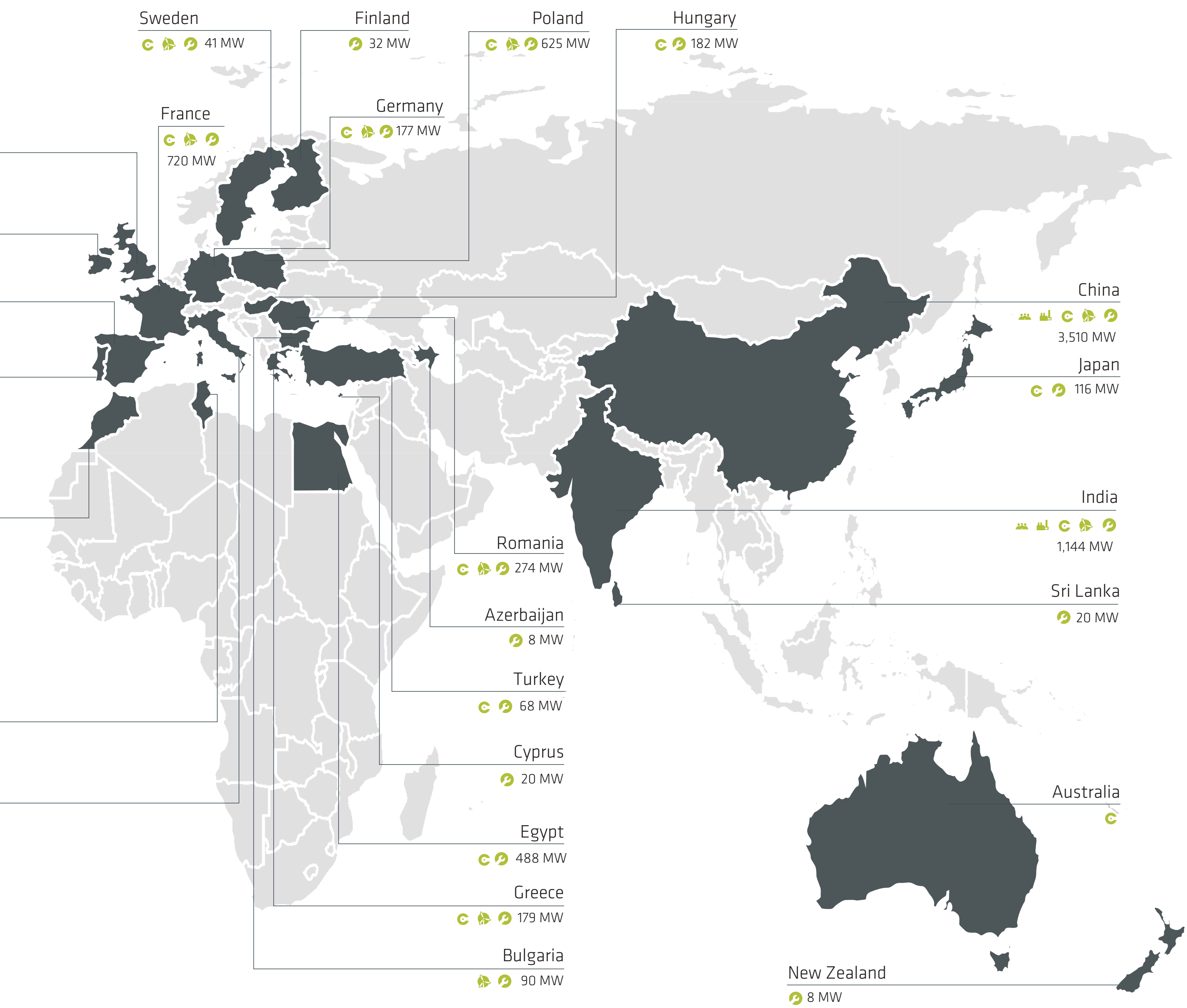
Chief Corporate General Secretary
José Antonio Cortajarena

Business Development Managing Director
David Mesonero

Global presence



Headquarters
Manufacturing plant
Commercial office
Wind farm development
Operation and Maintenance
MW cumulative installed capacity

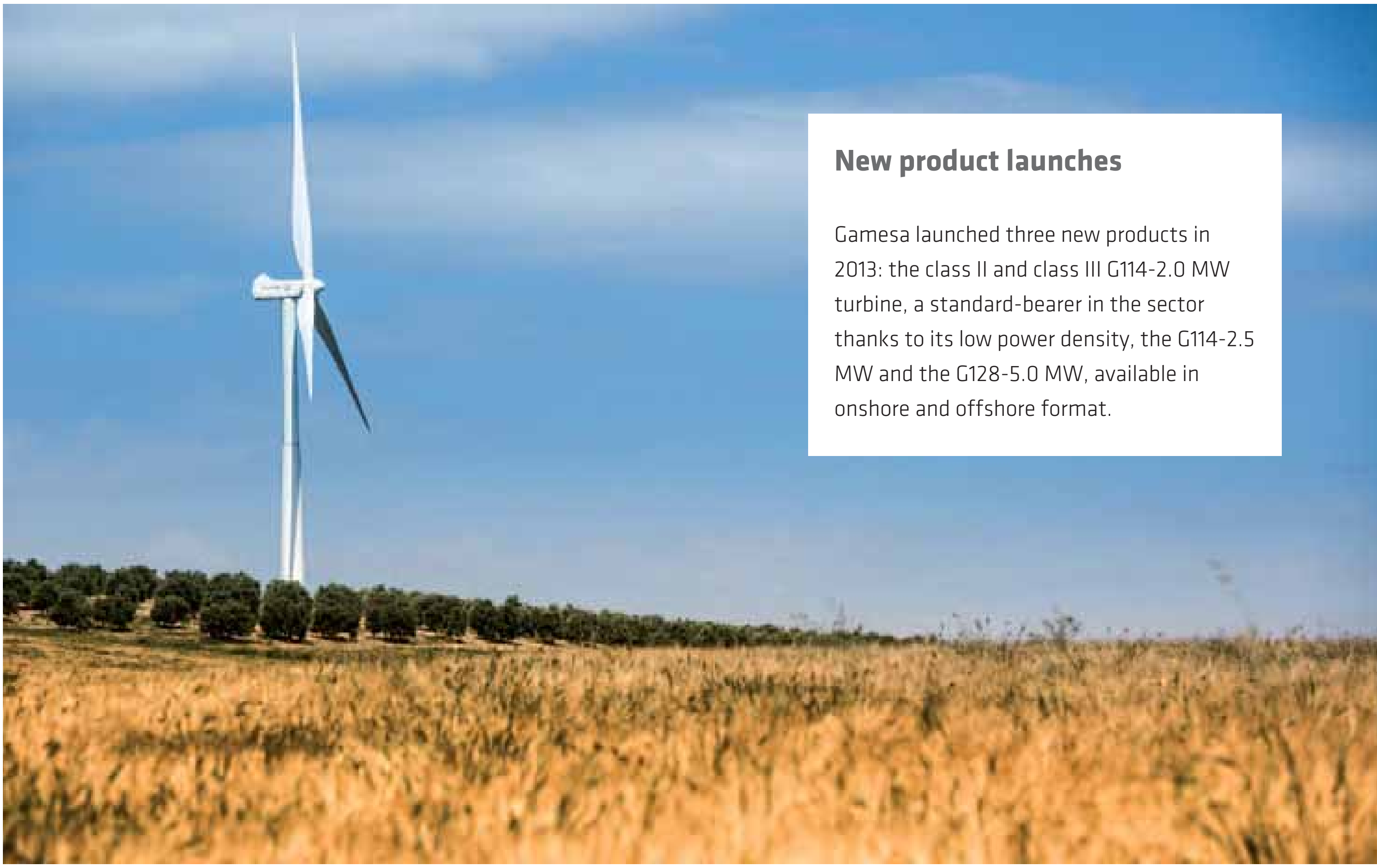


Other countries with MW installed:
South Korea (3 MW), Cuba (5 MW), Ecuador (2 MW), Puerto Rico (1 MW), Taiwan (6 MW), Vietnam (1 MW) and Algeria (10 MW).

The year in pictures

The most powerful offshore turbine in Spain

In 2013 Gamesa commissioned its maiden prototype offshore turbine and the first installed in Spain. The G128–5.0 MW turbine is the most powerful in operation in Spain. Located in Arinaga Quay in Gran Canary Island, it is capable of generating enough energy to supply 5,000 households a year.



New product launches

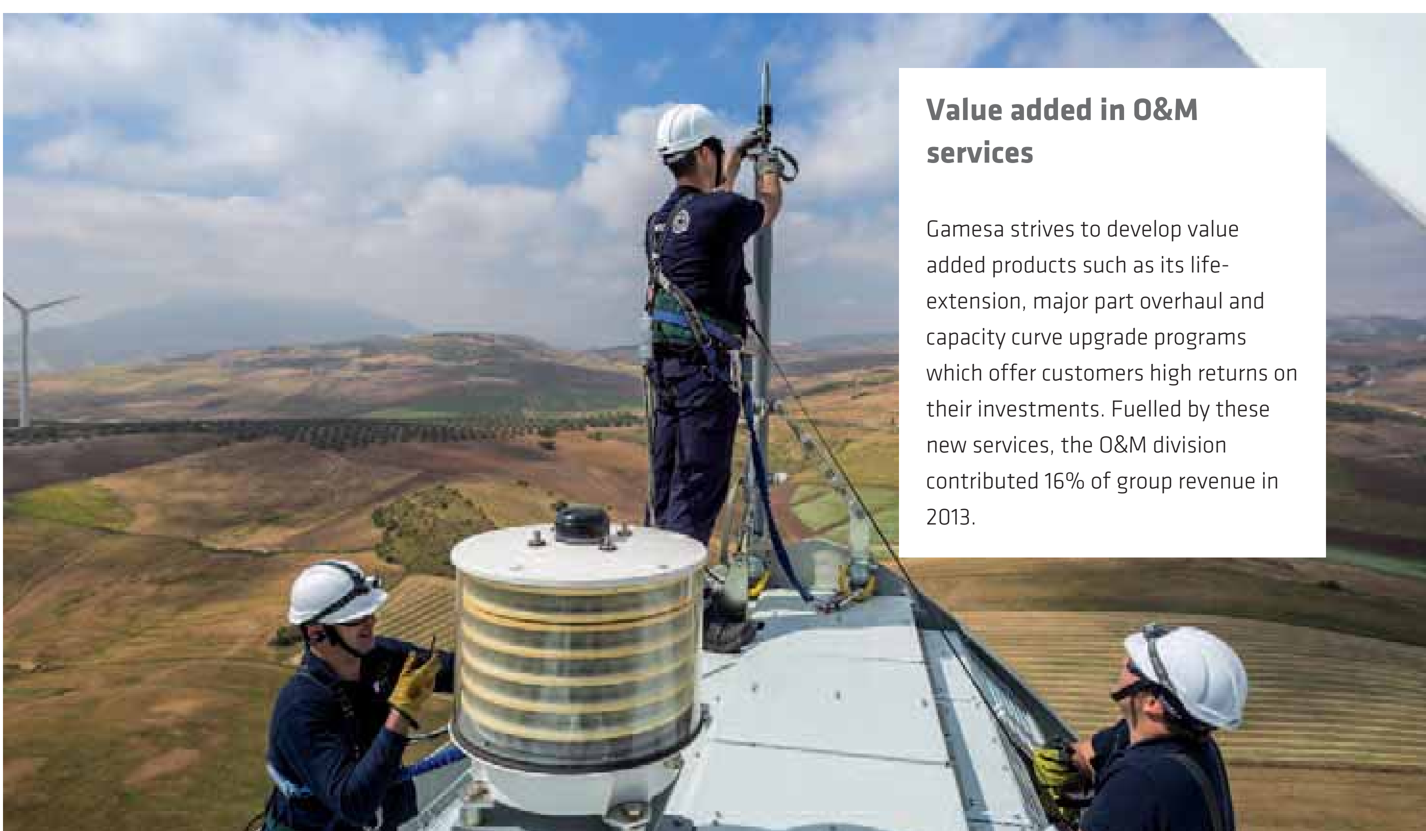
Gamesa launched three new products in 2013: the class II and class III G114-2.0 MW turbine, a standard-bearer in the sector thanks to its low power density, the G114-2.5 MW and the G128-5.0 MW, available in onshore and offshore format.

10,000 units of 850 kW turbines installed

In 2013, the number of 850 kW Gamesa turbines installed reached the 10,000 mark. This milestone, reached during assembly of the Adrar wind farm in Algeria, confirms the 850 kW platform as Gamesa's best-selling model since it was first assembled at the La Plana wind farm in Spain in 2001.

Consolidation in emerging markets

Gamesa boasts a solid position in the most promising emerging wind energy markets: India, Mexico and Brazil. In 2013, these three markets accounted for 70% of total sales volumes. According to a report compiled by BTM, the company is the leading wind turbine OEM in India and Mexico and the number two contender in Brazil.

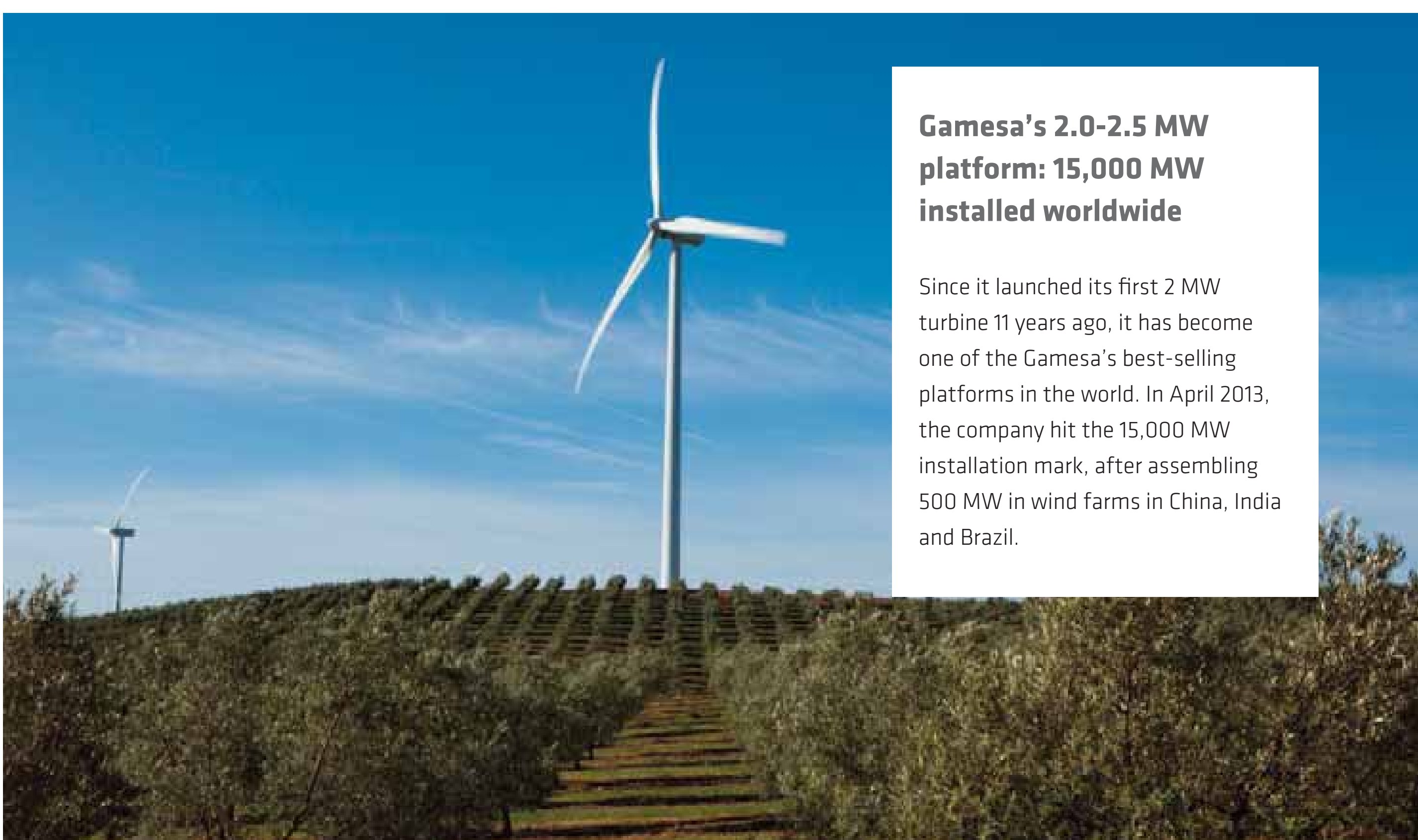


Value added in O&M services

Gamesa strives to develop value added products such as its life-extension, major part overhaul and capacity curve upgrade programs which offer customers high returns on their investments. Fuelled by these new services, the O&M division contributed 16% of group revenue in 2013.

Reinforced product strategy

Gamesa signed several contracts and agreements over the course of the year for the supply of its new platform of 5 MW onshore turbines and its new G114-2.0 MW model. The company has secured a 285 MW framework agreement and a 15 MW contract for the supply of its new onshore 5 MW turbine in Finland. Orders for installing the G114-2.0 MW turbine in Europe and the US are running at 504 MW.



Gamesa's 2.0-2.5 MW platform: 15,000 MW installed worldwide

Since it launched its first 2 MW turbine 11 years ago, it has become one of the Gamesa's best-selling platforms in the world. In April 2013, the company hit the 15,000 MW installation mark, after assembling 500 MW in wind farms in China, India and Brazil.

Share price performance

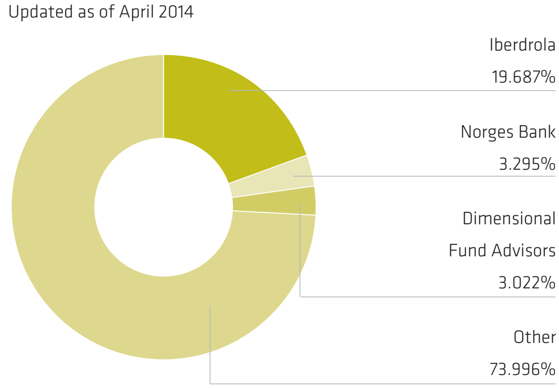
Gamesa's share price reflected the company's earnings momentum over the course of the year; in tandem the analyst community gradually raised the company's earnings estimates for the term of the current business plan and the stock's average target price increased accordingly. These solid earnings fundamentals, coupled with accelerating business traction as the year unfolded, helped to consolidate growing investor confidence in the Gamesa equity story.

Against a challenging economic backdrop, exacerbated by regulatory upheaval and scant visibility into demand, Gamesa's share price hit record low of €1.62 on 4 February, just ahead of its 2012 annual earnings release. That date marked a turning point, from which the share price went on to deliver a sustained rally, hitting a high for the year (€7.59) on 27 December. In total, the share price gained 357% in 2013, making up all the ground lost during the two preceding years.

The price gains were not the only highlight; trading volumes also increased in 2013. Both factors put the stock within reach of the Ibex 35's capitalisation and liquidity criteria and Gamesa was included in Spain's benchmark blue-chip index once again in December 2013.

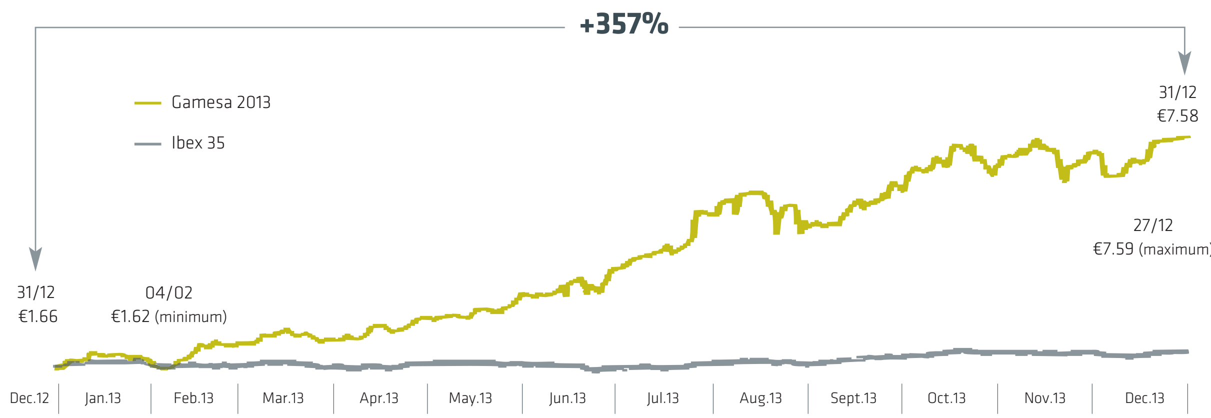
Significant shareholders

Updated as of April 2014



> 2013 Market capitalisation
€1,924,415,835

Comparative quote of Gamesa vs Ibex 35



The 2013 Shareholders Meeting was held on 19th April in Zamudio (Vizcaya).


Gamesa

Business performance

02

Solid execution of the business plan

2013 Key figures

Sales

€2,336 million

Sales volume MW

1,953 MWe

Recurring EBIT

€129 million

Recurring EBIT margin

5.5%

Net profit

€45 million

Net financial debt

€420 million

NFD/EBITDA

c.1.5x

Working capital/ group revenues

8.3%

2013 was year one of strategy set by Gamesa for transforming itself into a more profitable, lighter and more flexible organisation, one that is much better prepared to tackle the challenges that lie ahead.

The business's performance during the year attests to solid progress on the initiatives set in motion by the company, having surpassed the guidance provided to the market in an environment marked by slowing demand growth, intensifying competition and continuous regulatory flux.

Over the course of 2013, Gamesa continued to evolve in order to fully leverage its growth drivers: greater cost-efficiency and profitability by reducing expenditure and streamlining the cost structure, a customer-centred sales strategy and stronger financial balance sheet.

Growing profitability throughout the cycle

Gamesa generated consolidated recurring operating profit (EBIT) of €129 million in 2013, which is equivalent to a recurring EBIT margin of 5.5%. The improvement in profitability, ahead of guidance for the year (3%-5%), relies on the steady execution of the fixed cost-saving and variable cost streamlining program, coupled with the profit contribution by Gamesa Services, thanks to which the breakeven point was slashed by 35% year-on-year to 1,300 MW, creating a company that is capable of generating a profit throughout the cycle, from peak to trough.

In 2013, Gamesa continued to make progress on the strategy rolled out at the end of 2011 with a view to adapting the organisation's fixed cost structure to the market's needs without losing flexibility.

The company also rolled out a host of measures for streamlining variable costs, the results of which will be tangible in 2014 and 2015. They are designed to preserve product reliability and performance and guarantee the competitiveness of wind power and its sustainability in an environment of declining subsidies.

These measures pivot around three key lines of initiative:

> Product design – by using new materials and parts and by leveraging modular design and simplifying products in order to rationalise costs without jeopardising product reliability or performance.

> Supply chain – by means of collaboration with suppliers, specifically the deployment of the build-to-print strategy with new suppliers, the renegotiation of terms with existing suppliers and increased outsourcing.

> Internal productivity – by virtue of a process-centred, flat and flexible organisational structure, a company that is results-oriented and quicker at taking decisions; and by continually fine-tuning manufacturing capacity to match shifting demand and rolling out new manufacturing processes.

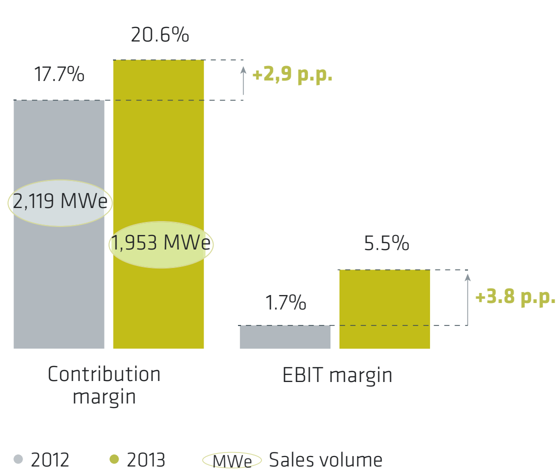
Financial health

One of Gamesa management's priorities is to shore up the company's balance sheet and reduce its financing needs, in tandem with generating cash.

Gamesa made substantial progress on this front in 2013, reducing net financial debt by 15% to €420 million, which translates into a leverage ratio of 1.5x EBITDA, significantly below the commitment made to the market (2.5x).

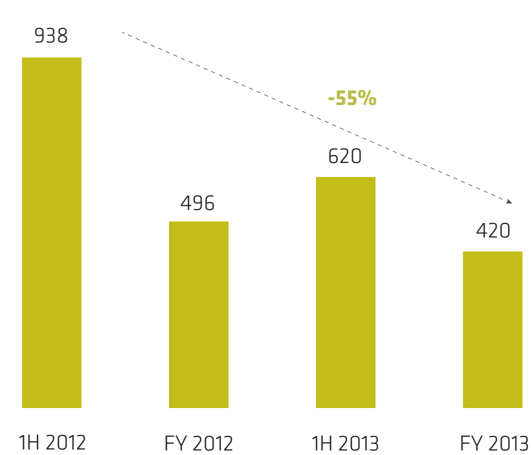
Tight control over working capital was crucial to this end, as was the sale of operative wind farms in Germany and Greece (44 MW) and development of the

Trend in profitability



Evolution of net financial debt

€ MM



manufacturing-to-cash model, which aligns manufacturing, order fulfilment and collections. As a result, the company ended the year with working capital of €193 million (8.3% of revenues).

Meanwhile, Gamesa remains focused on controlling its capital expenditure. The strategy is to ensure a return on investment while remaining competitive and helping reduce cost of energy (CoE) by developing new products within the group's existing platforms. In 2013, capital expenditure was scaled back to €110 million and was earmarked to new product and platform research and development; the company launched three new products during the year.

These initiatives, coupled with the generation of free cash flow (reduction in net debt and non-recourse factoring) of €275 million, are enabling Gamesa to fund the execution of its business plan from internally generated cash flow.

Customer-centric sales strategy

The wind power sector has been marked by uncertainty and highly volatile demand in recent years. The fallout from economic weakness on demand for electricity has driven a shift in demand from developed nations to emerging Asian and Latin American economies and from the major integrated power companies to independent producers.

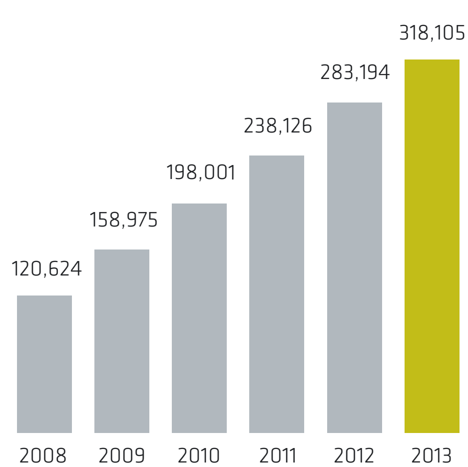
Against this backdrop, and after 15 years of growth year-on-year, the annual global market for wind energy shrank in 2013, with installations of 35 GW compared to 45 GW in 2012.

In line with the market slowdown, growth in Gamesa's sales volumes also eased to 1,953 MWe; the slump in the US and Chinese markets was largely offset by the growing contribution by emerging markets in Latin America, Asia and Africa.

Latin America remains the main driver of sales growth, representing 49% of the total, followed by Europe & RoW and India, which contributed 24% and 22%, respectively.

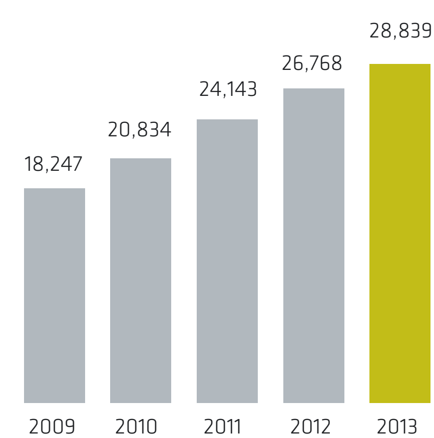
Global cumulative installed wind capacity

MW



Source: GWEC

Gamesa's sales volumes (MW)



Momentum improved as the year unfolded, with the company registering growth in sales volumes in the last quarter of 2013, a trend that is expected to continue in 2014. The orderbook also improved as the year progressed, rising 54% (878 MW) in the fourth quarter to end the year at 1,802 MWe. This means that the company started 2014 having already locked in 60% of the sales volume targeted for 2014 (2,200 MWe-2,400 MWe).

Revenue from operation and maintenance (O&M) services continued to firm throughout the year, providing the company with a reliable source of recurring revenue. Gamesa had an average of 19,657 MW under maintenance in 2013.

The outlook for this division is promising: the order intake in this division increased by 133% in 2011 and by 25% in 2012 and amounted to €1.3 billion at 2013 year-end. Moreover, in 2013 Gamesa retained and/or recovered 6,000 MW and 76.5% of the fleet under maintenance is under contract until 2015. Over 70% of the turbine sales agreements which included a servicing agreement were arranged with an average term of over two years, while almost 70% of the fleet under maintenance is serviced under full service agreements.

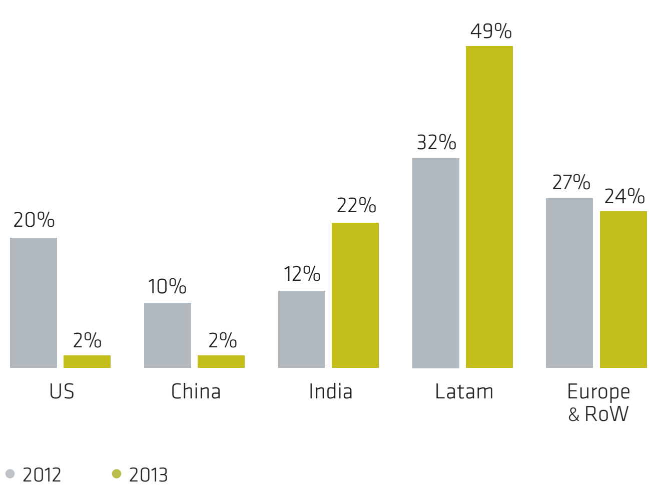
Management highlights, 2013

- > 2013 guidance surpassed
- > Growth in the orderbook
- > Raising profitability ratios
- > Progress on fixed cost-cutting and variable cost streamlining
- > Focused capital expenditure
- > Strengthened balance sheet
- > Net financial debt reduction

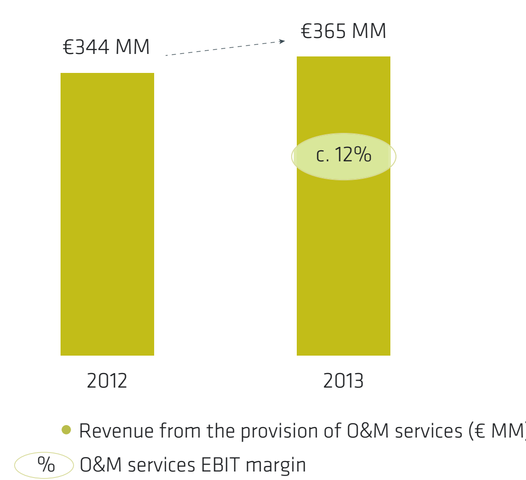
Geographic mix

Total sales 2012: 2,119 MW

Total sales 2013: 1,953 MW



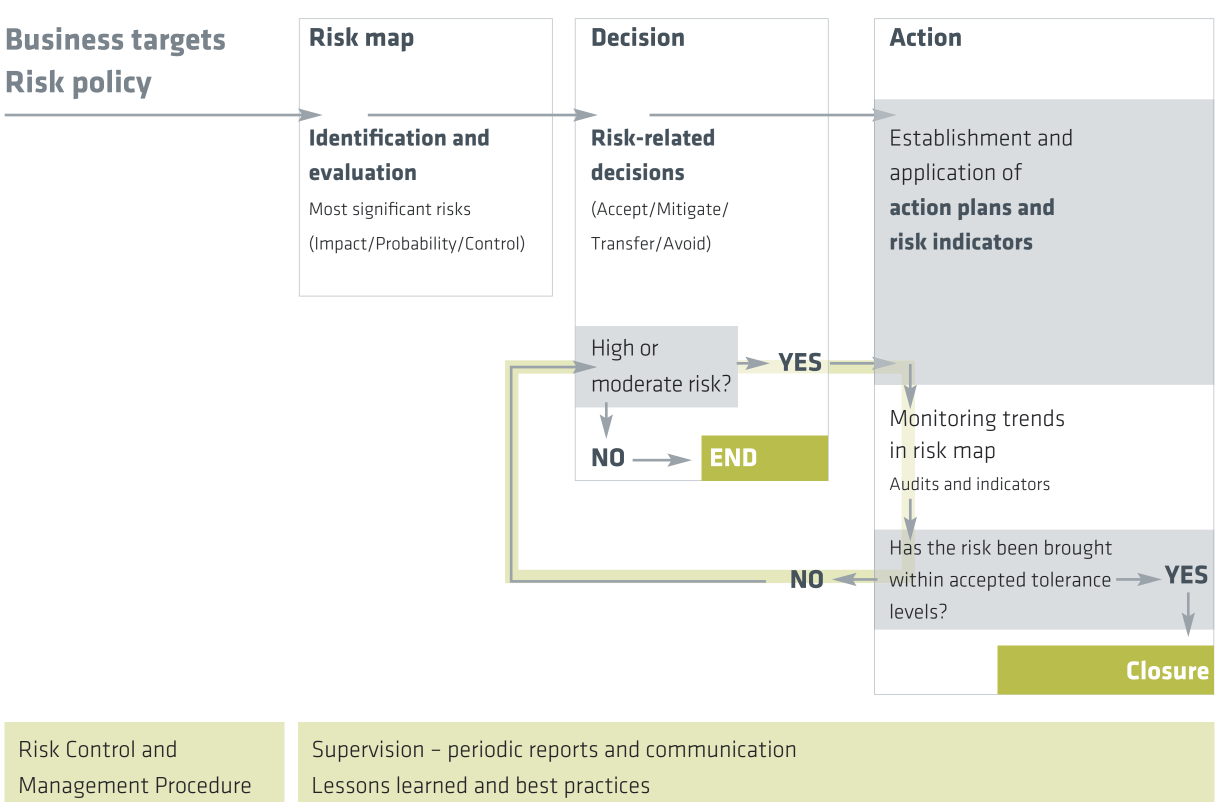
Revenue from O&M services



Business risk management

The company has a Risk and Opportunity Control and Management System, championed by the Board of Directors and senior management. It has been implemented right across the organisation (business units, departments, companies) and, in keeping with the strategic goal of expanding the group's manufacturing, technology development and marketing activities around the world, across its various geographic regions.

At the heart of this system lies the Risk Control and Management Policy (approved by the Board of Directors on 22 April 2009), which establishes the guidelines and general framework underpinning all risk control and management tools and provides discipline and structure in aspects such as management philosophy, the model for identifying, evaluating, measuring and controlling risks and opportunities, risk tolerance thresholds, the Board's communication, reporting and supervisory duties, integrity, business ethics and the allocation of related responsibilities and duties.



The key objectives of this policy are:

> to comply with applicable legislation and regulations, standards and contracts;

> deliver the targets set by the Board of Directors;

> provide shareholders with the utmost guarantees;

> safeguard the company's earnings assets and reputation;

> exercise optimal control over the business units and group companies in order to ensure the reliability and integrity of the IT systems;

> uphold the interests of shareholders, customers, employees suppliers and other stakeholders with a vested interest in Gamesa's performance and

> lock in business stability and financial health on a sustainable basis.

The system classifies risks into the following categories: environmental risks, process risks deriving from the company's business activities and the risk that the business, financial or strategic information used to take decisions may not be reliable and/or complete.

The methodology applied translates into a corporate risk/opportunity map which is updated and reported on at least every six months and, depending on their nature, the identified financial, tax, operational, strategic, local and other risks and opportunities associated with the company's key business activities, processes, projects, products and services are monitored monthly and/or quarterly.

In addition, in conjunction with the revision/update of the group's annual and/or business plan targets, the risk map is subjected to a more comprehensive annual assessment and risk maps are prepared for the main geographic markets as warranted.

This risk management and control system is clearly and closely associated with the strategic planning and target-setting process. Against this backdrop, in the next pages we provide a very succinct summary of the main risks comprising the corporate risk map which could affect delivery of the targets enshrined in the 2013-2015 Business Plan:

More information regarding business risk management: 2013 Sustainability Report and 2013 Annual Corporate Governance Report.

RISK PROFILE in relation to the 2013-2015 Business Plan targets and the group's risk management and control policy	TREND IN MOST SIGNIFICANT RISKS **POSITIVE TREND** i.e., risk level trending lower	**STABLE TREND** i.e., risk level flat
Risks that could affect the group's financial health targets	> Monitoring that there is sufficient cost-effective financing to fund delivery of the Business Plan.	> Monitoring of the write-downs recognised in prior years and other significant matters.
Risks specific to the current sector and market environment	> Effectiveness of the restructuring measures aimed at streamlining fixed cost.	> Adverse impact on sales / customers' ability to tap affordable financing in certain markets. > Reliance on financing and operating incentives. > Downward pressure exerted by other sources of energy and certain competitors.
Risks that could affect the technological leadership target	> Optimisation of the start-up and return curve in terms of CoE (onshore & offshore).	> Delivery of time-to-market goals in terms of technology development, industrialisation and sale. > Competition in certain markets.
Risks that could affect the targets related to profitability and competitiveness gains	> Confirmation that orders are proving profitable, presenting reasonable contribution margins.	> Commodity price volatility. > Delivery of terms and budgets in new manufacturing processes.
Risks that could affect the international expansion goals	> Dependence on emerging markets due to slowdown in sales and potential regulatory changes in more developed markets.	> Country risk, due to social and/or political risk in certain geographies, reputational risk, stakeholder perceptions, lack of business infrastructure, health risks and the risk of natural disasters.
Risks that could affect the Corporate Social Responsibility Plan	> Workplace health and safety risks: 27% drop in accident frequency index and 25% decline in accident severity rate year-on-year in 2013. > Starting point versus benchmarks for global players in terms of human rights, quality, inclusion, cultural considerations and regulatory compliance.	> Need to improve IT security by using the highest standards and taking a preventative and/or corrective approach as warranted with a focus on the protection of business-sensitive materials. > Care for the environment and climate change: targeted reduction in carbon emissions in 2014.

NEGATIVE TREND i.e., possibility that risk level could trend higher	**KEY RISK MITIGATION AND CONTROL INITIATIVES**
	> Minimisation of capital expenditure in keeping with the Business Plan. > Monitoring and minimisation of turbine inventory levels. > Ongoing monitoring of cash flows. > Analysis of new sources of financing.
> Overcapacity in certain markets. > Risk of regulatory changes and uncertainty with respect to continued support for renewable energies in certain markets.	> Management of 'Surplus manufacturing capacity by means of downsizing and plant closures', notably application of actions specified in the 2013-2015 Business Plan. > Potential manufacturing and sales optimisation joint venture in offshore segment. > Cost-cutting programmes for the various platforms (G9/15 & G10/20).
	> Validation and certification plan. > Design and execution of cost streamlining plans and application of lessons learned. > Specific projects for critical parts. > Technical audits. > Search for and development of strategic alliances (e.g. offshore). > Onshore/offshore synergy project for rationalising design/supply and integration processes.
	> Creation of new basic business processes: • NBA. New customer approval model. • PM. Management of wind turbine programmes. > Cost-cutting projects.
> Currency risk: volatility deriving from exchange rate instability; currency depreciation in emerging markets. > Fiscal complexity in certain markets.	> Diversification of demand to enable the company to offset slumps in individual emerging markets with growth in upcoming markets across the emerging, developed and developing world. > Regular assessment of security in countries subject to restrictions, validation by the security committee as warranted and project specific safety plans. Business continuity plans. > Hedging strategies using derivatives and the capitalisation of monetary balances to cover the risk of currency depreciation in emerging markets. > Financial and tax risks are controlled applying risk-specific policies, rules and procedures.
	> Maintenance of OHSAS 18001, ISO 14001, ISO 9001 system certifications. > Implementation of Total Plant Risk Management (TPRM) methodology an the Think Safe programme. > Update of the HSEQ Excellence policy to add a zero tolerance commitment. > Improved capacity to control indirect energy consumption and carbon emissions (key suppliers and ancillary activities). > Approval and implementation of new supplier policy; self-assessment processes and supplier CSR audits. > Transparency and community programmes: shift towards integrated reporting and implementation of a new community work policy. > Alignment with highest management and reporting standards: SA 8000, ISO 26000, GRI, ISO 27001.

Geographic diversification

Gamesa groups its geographically-diversified business into five regions: India, Latin America, China, the US and Europe & the rest of the world (RoW). The manufacturing and supply hubs are located in Spain and China, while Gamesa has a manufacturing presence in the rest of its core markets.

Europe & RoW

18,361 MW

cumulative installed capacity

15,108 MW

under maintenance

5,649 MW

wind farm pipeline

3,962 MW

of proprietary capacity

Key contracts and agreements

- Entry into three new markets: Kenya, 13.6 MW to KenGen; the Philippines, 54 MW to Kanematsu Corporation; and Mauritania, 30 MW turbines to Elecnor
- Framework agreement with TuuliWatti for the supply of up to 285 MW in Finland in 2015 and 2016
- Agreement with Eolus Vind for the supply of four G114-2.0 MW wind turbines in Sweden (8MW)
- O&M contract to service 80 Iberdrola wind farms in Spain and Portugal (2,286 MW)
- Agreement with FCC for the service of 421 MW in Spain
- Maintenance of 13 EDPR wind farms in Europe (400 MW)

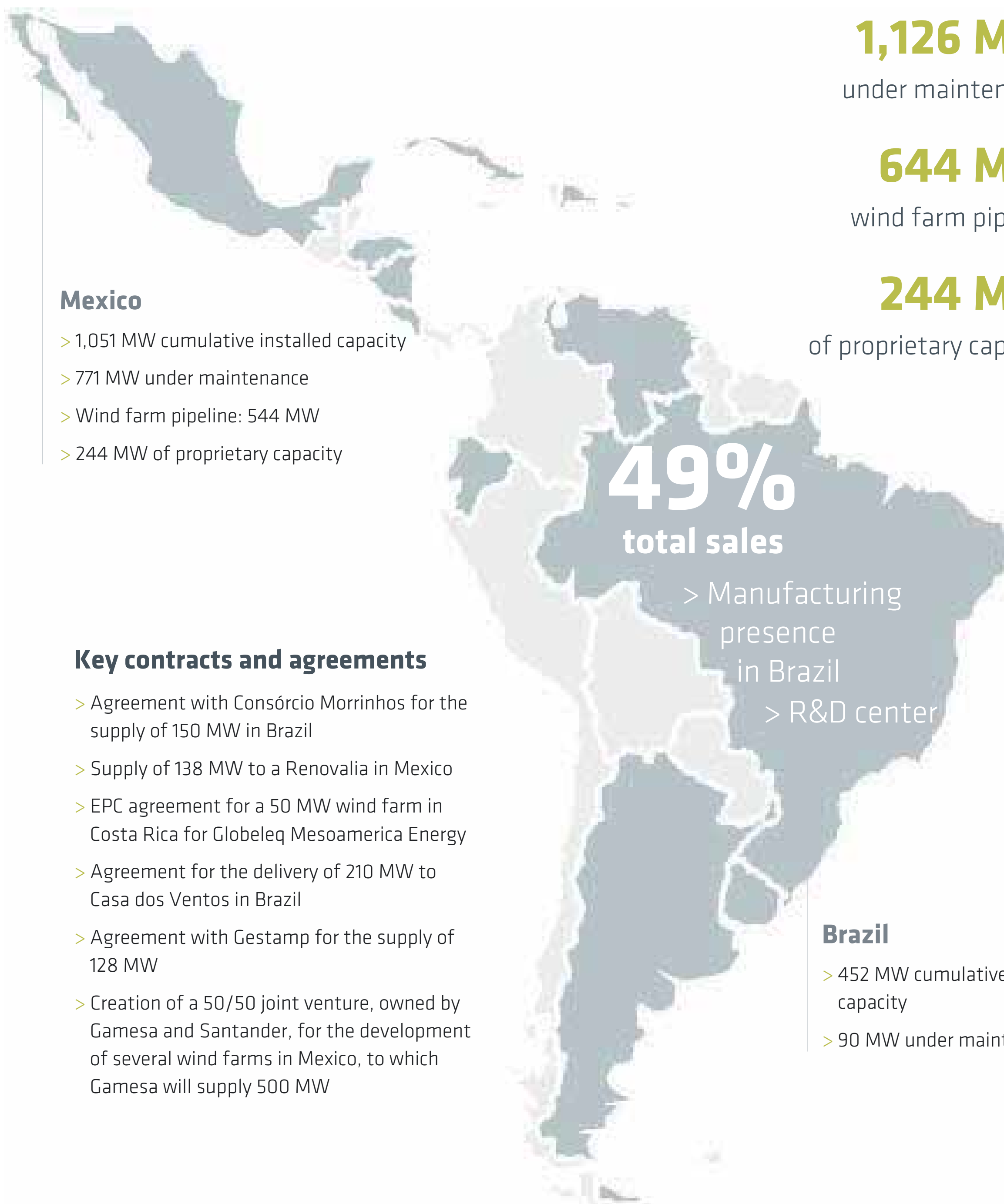
Latin America

1,903 MW
cumulative installed capacity

1,126 MW
under maintenance

644 MW
wind farm pipeline

244 MW
of proprietary capacity



Mexico

- 1,051 MW cumulative installed capacity
- 771 MW under maintenance
- Wind farm pipeline: 544 MW
- 244 MW of proprietary capacity

Key contracts and agreements

- Agreement with Consórcio Morrinhos for the supply of 150 MW in Brazil
- Supply of 138 MW to a Renovalia in Mexico
- EPC agreement for a 50 MW wind farm in Costa Rica for Globeleq Mesoamerica Energy
- Agreement for the delivery of 210 MW to Casa dos Ventos in Brazil
- Agreement with Gestamp for the supply of 128 MW
- Creation of a 50/50 joint venture, owned by Gamesa and Santander, for the development of several wind farms in Mexico, to which Gamesa will supply 500 MW

Brazil

- 452 MW cumulative installed capacity
- 90 MW under maintenance

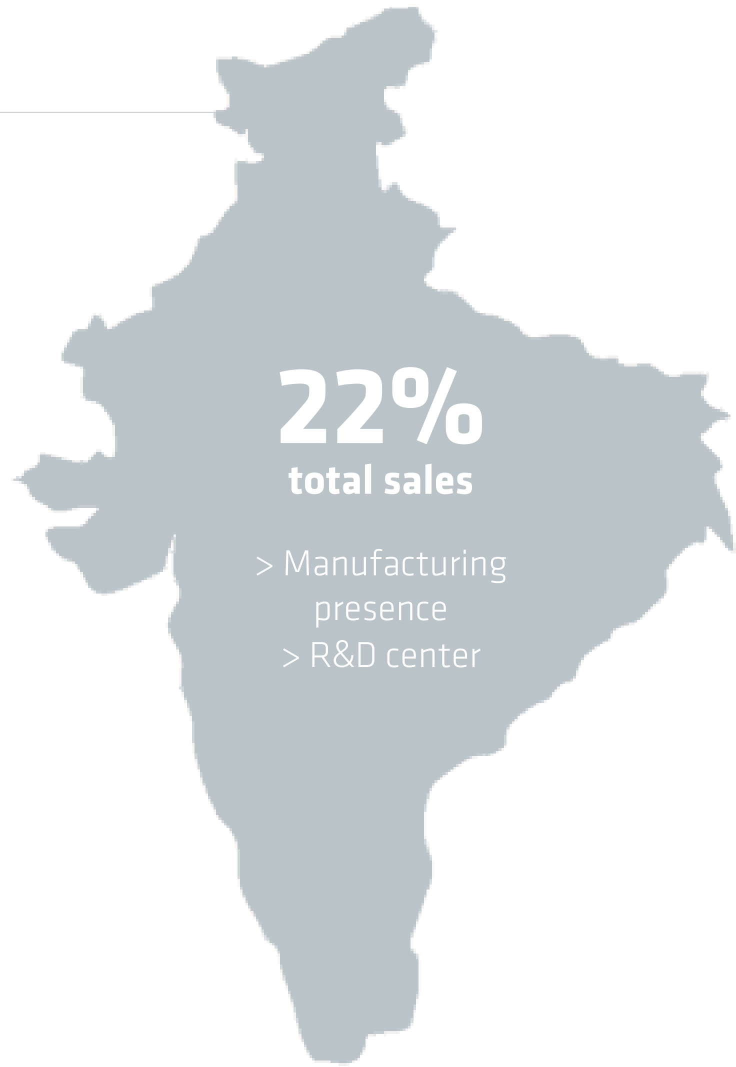
India

1,144 MW
cumulative installed capacity

869 MW
under maintenance

4,300 MW
wind farm pipeline

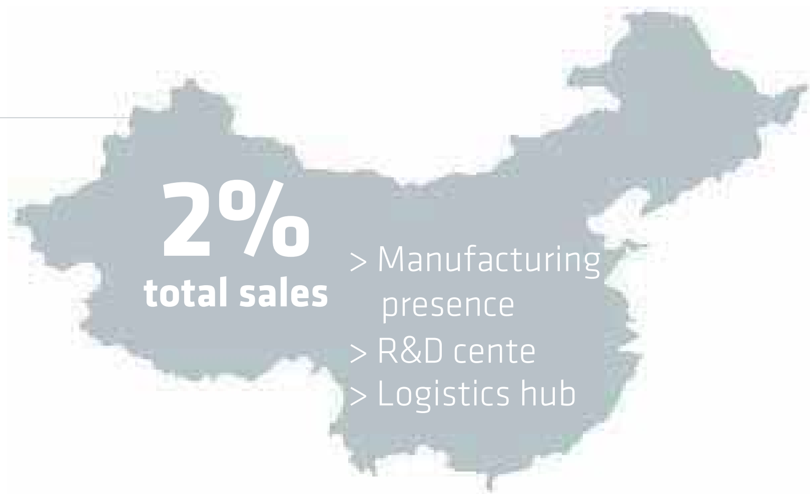
791 MW
of proprietary capacity



Key contracts and agreements

- > Agreement for the supply of 130 MW to CLP India
- > Agreement for the supply of 100 MW to Greenko
- > Contract for the supply of 46 MW to ITC

China



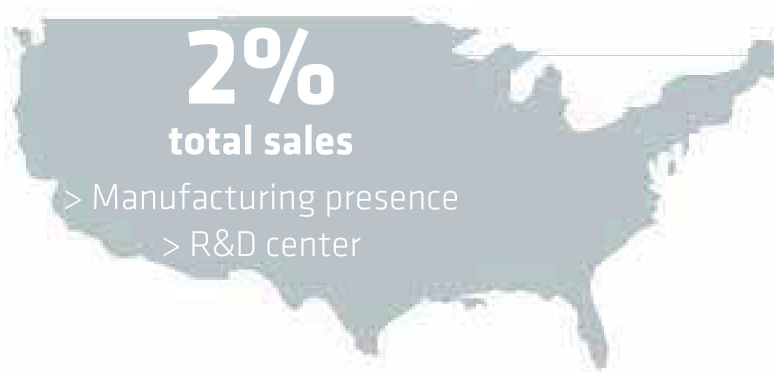
3,510 MW
cumulative installed capacity

880 MW
under maintenance

6,000 MW
wind farm pipeline

553 MW
of proprietary capacity

United States



3,921 MW
cumulative installed capacity

1,978 MW
under maintenance

1,785 MW
wind farm pipeline

838 MW
of proprietary capacity

Key contracts and agreements

- Supply of 202 MW to Iberdrola in southern Texas
- Framework agreement with EDPR for the supply of up to 225 G114-2.0 MW turbines through 2016
- 10-year O&M agreement for a 264 MW-facility owned by NedPower
- Agreement for the supply of 20 MW of the G114-2.0 MW to Heritage Sustainable Energy

Outlook and strategy

2014 guidance

Sales volumes
2,200-2,400 MWe

Capex
<110 MM €

Constant-currency EBIT margin
>7%

NFD/EBITDA
<1.5x

EBIT margin
>6%

Free cash flow generation
>0 MM €

Working capital / revenue
c.10%

ROCE
8.5%-10%

Lingering uncertainty coupled with highly volatile demand in the wind power sector in recent years has taken a substantial toll on market growth: in 2013 the annual market shrank for the first time in 15 years, slowing to installations of 35 GW from 45 GW in 2012.

The market consensus is that demand will be more predictable over the next two years, as corroborated by the uptick in business volumes during the second half of 2013. The forecast market recovery is underpinned by three key drivers:

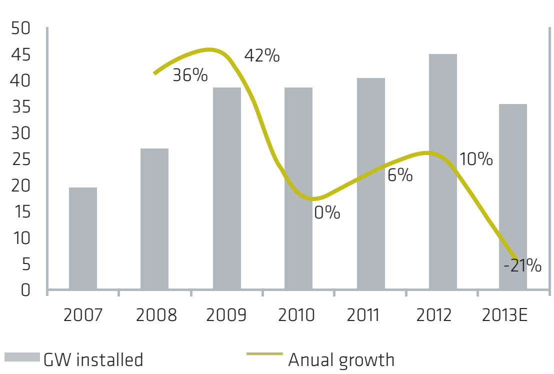
1. Continuing gains in wind power's cost competitiveness which will enable it to go head-to-head with traditional sources of power and a play a meaningful role in designing future electricity systems.

2. Growing energy needs in emerging economies: according to the International Energy Agency (IEA), 80% of growth in demand for electricity over the next 20 years will come from emerging markets, underpinned by prospects for economic growth in markets which currently present very low ratios of power consumption per capita.

In addition to their growing energy requirements, these markets tend to be overly dependent on a single source of energy: Brazil is hugely reliant on hydro power (70% of the supply mix), while China (>60%) and India depend significantly on coal-fired electricity. Two additional factors need to be considered in India: (i) an energy deficit during peak hours of 10%; and (ii) the fact that 40% of the population has no access to electricity.

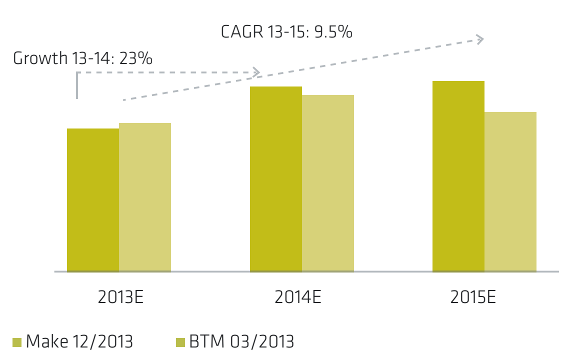
Against this backdrop, several emerging markets are resorting to wind power to help meet their growing energy requirements and diversify their energy mixes. For example, India forecasts installed wind capacity of 15 GW by 2017.

Trend in annual installations



Source: Global Wind Energy Council (GWEC)

Forecast capacity installations



3. Recovery of the US market: the US authorities have opted to stimulate wind power by means of short-term production and investment tax credits (PTCs). This on-again, off-again policy has fostered a boom-bust cycle; this situation has been exacerbated by prevailing low gas prices which have reduced the relative cost competitiveness of wind power facilities.

In the wake of a record year in 2012 in terms of new capacity, with over 13,000 MW of installations, the delays in renewing PTCs in December 2012 had the effect of paralysing new orders in 2013; however, this phenomenon spells a renewed flurry of activity in 2014, with current forecasts pointing to the installation of 15,500 MW between 2014 and 2016.

Beyond 2015, additional factors such as economic recovery in Europe, the closure of obsolete capacity in the UK and nuclear power in Germany, renewable energy targets and, above all, the growing competitiveness of wind power, underpin forecasts for double-digit growth in installed capacity.

Buoyed by growing visibility into demand, Gamesa is estimating growth in demand for onshore capacity of 20% in 2014, with the annual market expected to stabilise in 2015. In line with its outlook for the overall market, Gamesa is forecasting sales volumes of between 2,200 MWe and 2,400 MWe in 2014, supported by the upbeat outlook for the O&M service segment, geographic diversification and the company's solid positioning in its core target markets.

Update on the advancing offshore strategy

In parallel with the execution of its organic growth plan, Gamesa began to move its incipient offshore strategy forward, having announced a preliminary agreement with Areva for the creation of a 50/50 joint venture in the offshore wind power segment.

Offshore wind power is expected to be one of the fastest-growing renewable energy sources in the years to come, mainly in northern European markets with long coastlines (forecasts for Europe call for the installation of 25 GW by 2020), but also in Asia.

The joint venture between Gamesa and Areva will create one of the leading players in the offshore segment, a group destined to play an active role in the sector's development, by unlocking significant synergies:

> Areva's experience, having established its foothold in the offshore market in 2009. The French company has developed several offshore facilities and is in the process of installing 120 5 MW wind turbines in the North Sea.

> Gamesa's overall technological know-how in the onshore and offshore segments, leveraging its 20-year track record in the entire value chain. Gamesa brings its manufacturing capacity, know-how and supply chain management experience to the table.

The joint venture's product portfolio will be designed to cater to the offshore market's needs short and medium term: (i) in the 5 MW-6 MW segment, the venture will compete with Areva's M5000 and Gamesa's new generation of 5 MW turbines; and (ii) in the 8 MW segment, thanks to the development of the next generation of offshore turbines which will benefit from the investments made by both companies and the technological synergies created by the new venture.

Progress on execution of the Business Plan

Having installed turbines in 43 countries, established a sales presence in 18 and built relationships with over 200 customers, in 2013 Gamesa sold its products in three new markets and won more than 20 new customers. Gamesa boasts strong positioning in high-growth emerging markets such as India, Brazil and Mexico.

This optimal positioning, which gives it a significant competitive edge in the sector due to the sharp slowdown in capacity additions in Europe, was enabled by the early entry into some of these markets, such as Mexico, its presence in the wind farm development business, key in the self-supply segments in India and Mexico, deep local market knowledge, products adeptly tailored to customers' needs and, lastly, a supply chain and manufacturing presence adapted to each market's requirements.

In addition to a volume-led recovery, Gamesa plans to continue to execute its business plan, focusing on two objectives: continued profitability gains and strenghtened balance sheet.

Gamesa plans to continue to streamline its fixed and variable cost structure by further developing measures launched in 2013 and rolling out new initiatives in 2014, in tandem with its strategy of matching manufacturing capacity to demand while continuing to shore up the contribution by the O&M service segment. Specifically, the company expects to generate a recurring EBIT margin of over 7%.

Reinforcement of the company's financial health by means of more stringent control over working capital and pared-back capital expenditure – under €110 million in 2013 – in line with market trends, albeit without jeopardising competitiveness. All of these initiatives, combined with free cash flow generation, will enable the company to reduce the business's funding requirement.

Growth in business volumes and margins, coupled with ongoing deleveraging, will pave the way for the continued creation of value for shareholders.

Products and services

03

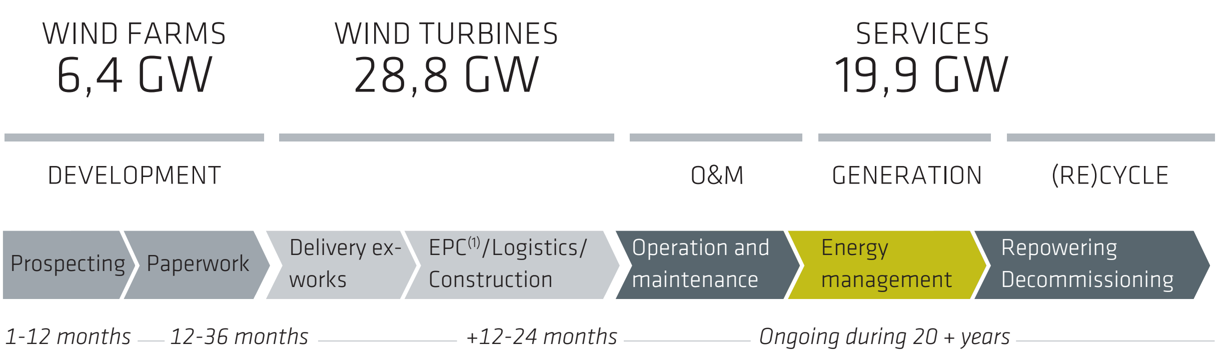
With installation of close to 29,000 MW under its belt and a presence in more than 50 countries, Gamesa has established itself as a leading wind power technology provider. The company's business model secures it an end-to-end presence in the wind value chain:

- The design and manufacture of wind turbines, having installed close to 29,000 MW in 43 markets.
- The development, construction and sale of wind farms, having directly developed 236 wind farms with aggregate capacity of over 6,000 MW worldwide; the pipeline currently stands at 18,000 MW and encompasses 16 countries.
- The operation and maintenance of close to 20,000 MW for more than 180 customers in 31 countries around the world.

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

Its manufacturing presence, with global production and supply centres in Spain and China complemented by a productive presence in local markets (India, the US and Brazil), combined with the development of competitive local supply chains and a sales presence in more than 18 countries, enables Gamesa to tackle any market credibly and competitively.

Gamesa's end-to-end presence in the wind value chain



(1) Engineering, procurement, construction

● Not covered by Gamesa

Wind turbines

Gamesa's product portfolio comprises platforms designed to cater to customers' demands and continually reduce the cost of energy: the Gamesa 850 kW, the Gamesa 2.0-2.5 MW and the Gamesa 5.0 MW, available in onshore and offshore format. The company's product strategy is to evolve its two existing multi-megawatt platforms and continue to fine-tune its best-selling 850 kW platform, of which 10,000 units have been installed worldwide.

> The Gamesa 850 kW: this platform's technology levers are speed control and pitch variability; it has been kitted out over time with the latest technology in order to harness more of the wind's energy with the utmost efficiency.

> The Gamesa 2.0-2.5 MW: the most versatile turbine on the market with five different blade options (G80, G87, G90, G97 y G114), tower heights ranging from 78m to 140m and environmental alternatives designed to enable installation at even the most complex sites.

Evolving this platform, Gamesa launched the new G114-2.5 MW turbine in 2013; this new product has a longer blade for medium wind speed sites and a new 2.5 MW generator/converter system which results in a higher nominal capacity. This enables customers to reduce their cost of energy by maximising production.

> Gamesa's 5.0 MW dual offshore-onshore platform is an evolution of its 4.5 MW platform. Its innovative modular design and technology ensure benchmark reliability. This platform also stands out for its high availability metrics, ease of transportation and compliance with the most stringent grid connection standards.

The fact that the company is targeting the onshore and offshore segments with a single platform increases its operational excellence in the 5 MW niche, while enabling technology synergies and boosting safety. In 2013, Gamesa achieved an important product strategy milestone when it commissioned the company's first offshore turbine in Gran Canary Island.

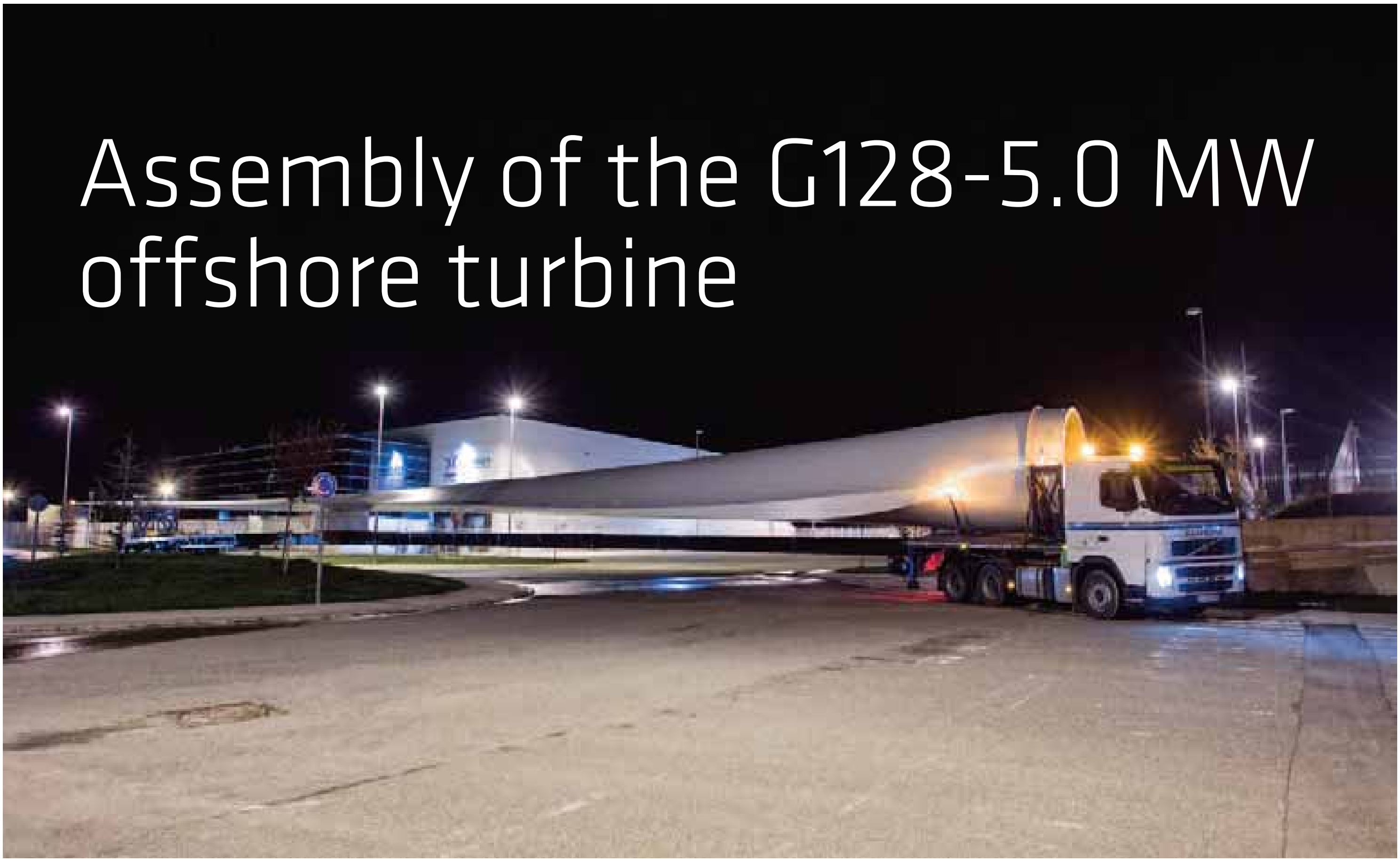
Technology development

Gamesa's R&D and technology activity, carried out from seven technology centres located in Spain, China, India, Brazil and the US, focuses in the development of processes and products designed to make the company's range highly competitive in terms of quality, pricing and order fulfilment.

Gamesa builds R&D into its entire value chain and all its products and services with a view to continually achieving energy efficiency gains with the overriding goal of reducing its customers' cost of energy.

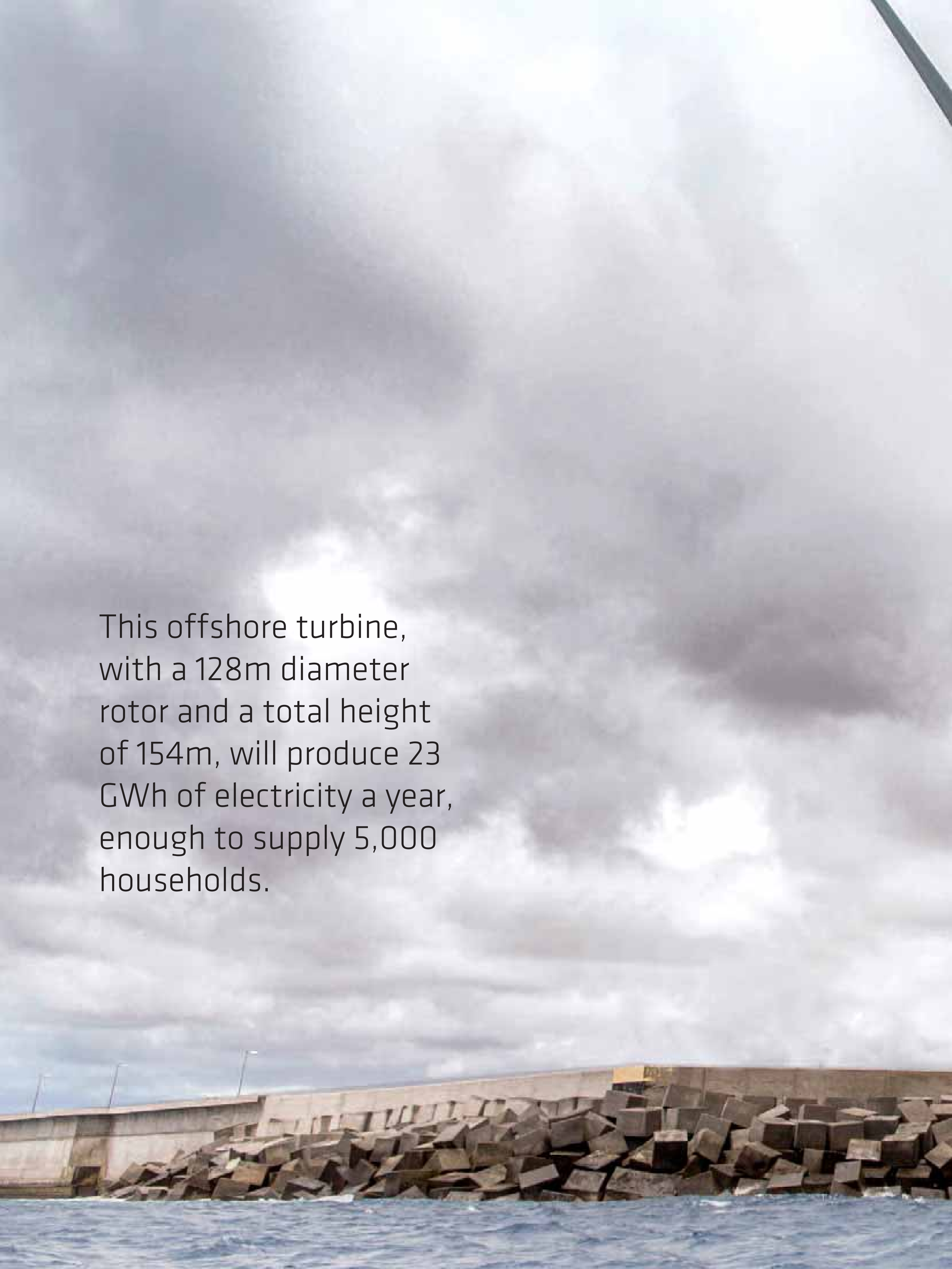
As a result of its research work, in recent years Gamesa has nurtured 659 patent families, most of which tied to the development of wind turbine blades and the company's 5.0 MW turbine.

Assembly of the G128-5.0 MW offshore turbine



9 April 2013: **Transfer of the giant blades, measuring 62.5m long and weighing 15 tonnes, from Aoiz (Navarre) to Bilbao.**
10 April 2013: **The nacelle, made in Tauste (Zaragoza), measuring 12.5m long and weighing 72 tonnes, being loaded in Bilbao.**

12 April 2013: **Unloading of the main turbine parts in Arinaga Quay (Gran Canary Island).**



This offshore turbine, with a 128m diameter rotor and a total height of 154m, will produce 23 GWh of electricity a year, enough to supply 5,000 households.

Wind farm development

The wind farm development is a competitive advantage which sets the company apart as it forces the company to focus on extracting value from its pipeline by leveraging its technological know-how.

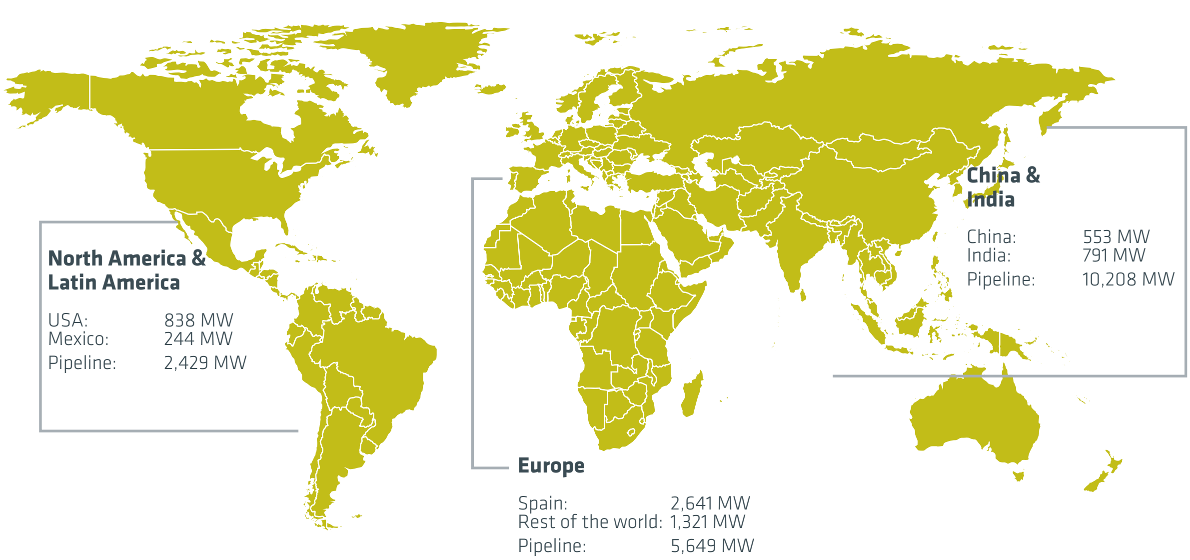
The company actively engages in all phases of a wind generation project, from site identification in the field to securing all the permits and licences needed to build and commission the facility and the ultimate sale of the wind farm, having serviced it while under its operation.

Key contracts:

- Sale of a Mexican 70 MW wind farm project to Iberdrola in Mexico
- EPC agreement for a 50 MW wind farm in Costa Rica
- Sale of a 25.5 MW wind farm in Greece
- Sale of two wind farms in Germany with combined installed capacity of 18.5 MW
- Sale of a 15 MW wind farm in Scotland to infrastructure fund John Laing

Wind farm development

6,388 MW and 236 wind farms developed in the world



Operation & Maintenance

With a track record stretching back almost 20 years and a global reach and presence, operation and maintenance (O&M) services represent a crucial part of the wind power value chain and round out Gamesa's end-to-end service offering in the industry.

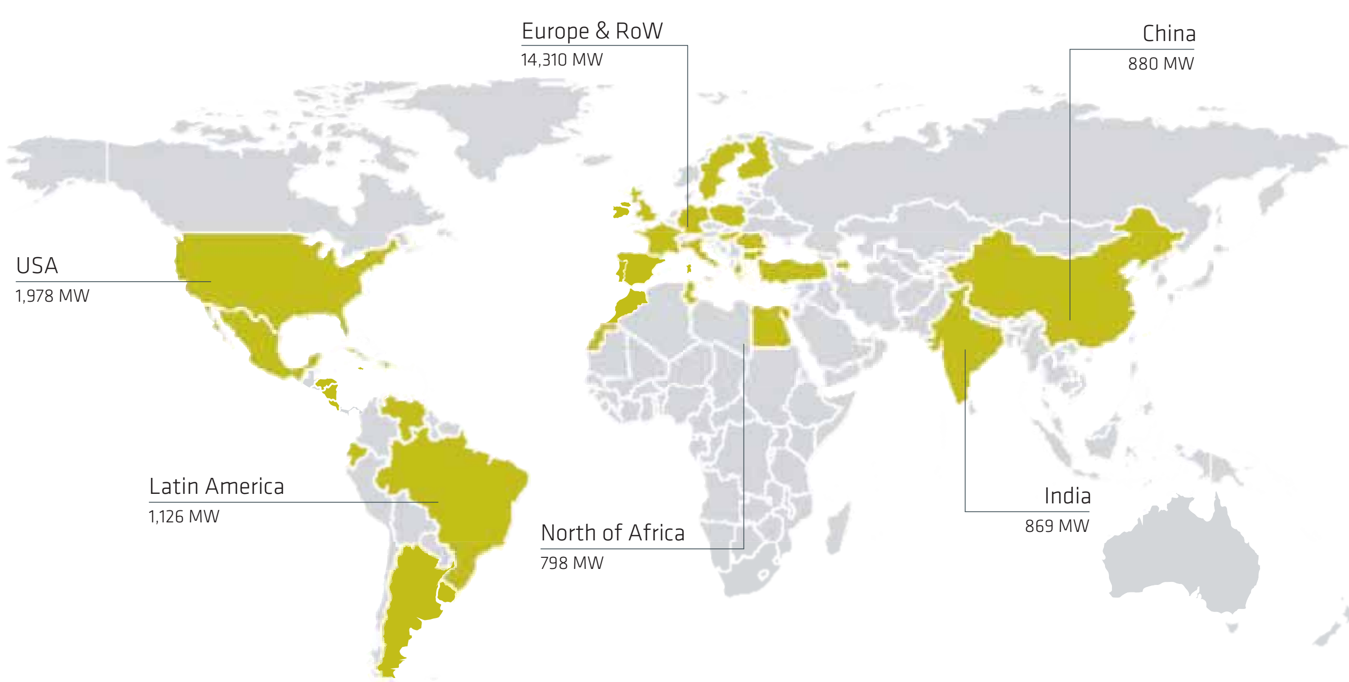
This business, which is supported by an extensive logistics network, is carried out by a team of highly-skilled professionals who are trained to ensure the nearly 20,000 MW under maintenance around the world generate the availability and return metrics demanded by their owners.

Gamesa's zeal to bring down the cost of energy by means of competitive technology solutions is tangible in the development of several value-added programs designed to maximise output, boost wind farm availability and reduce overall operating costs.

The O&M service suite includes predictive, preventative and corrective maintenance. The focus is on the development and sale of advanced solutions such as the life extension and capacity curve upgrade programs, repair servicing for other OEMs' products, the spare parts supply service and the major parts overhaul service. All of which with the overriding goal of reducing customers' cost of energy.

The main services offered by Gamesa include solutions for upgrading ageing fleets, such as the Gamesa Premium Availability (GPA), life extension, overhaul and reconditioning of major components programs, as well as a series of O&M products and services, including Mega, Gamesa WindNet and the predictive maintenance solution.

MW under O&M per geographical area



Value-adding O&M programs

> **The wind turbine life-extension program.** It consists of a series of structural reforms and a monitoring system designed to prolong the useful lives of WTGs made by Gamesa and also by other manufacturers beyond that of the original design specifications, thereby guaranteeing the equipment's safety and availability, enabling control over O&M costs and streamlining the cost of energy (CoE).

> **Gamesa Premium Availability (GPA).** It is a continuous improvement program designed to maximise the competitiveness of Gamesa's 2 MW platform by upgrading the turbine's hardware and software as well as improving service processes (the maintenance and repair of small and large parts).

> **Overhaul.** The program reconfigures the electric and electronic systems of the Vestas 660 kW WTG platform in order to boost its performance and to optimally configure these turbines for load control to enable application of the life-extension program features, thereby ensuring availability until year 30 of the turbine's life.

> **The reconditioning of major components (gearboxes, generators and blades).** It is one of Gamesa's suite of O&M solutions designed to maximise existing turbines' performance, while lowering operating and maintenance costs.

Key contracts:

> Contract with Iberdrola for the maintenance of 80 wind farms located in Spain and Portugal with total installed capacity of 2,286 MW.

> Contract with EDPR for the maintenance of 13 wind farms located in several European markets with total installed capacity of 400 MW.

> Gamesa has been awarded a 10-year O&M service agreement for a 264 MW-facility in the United States owned by NedPower.

> Contract with Veronagest, an independent power producer (IPP) for the maintenance of 234 MW for 10 years.

Technological diversification

Technological diversification is crucial to Gamesa's sustainable growth in the medium and long term, the former meaning deeper penetration of new technologies and/or markets by identifying and investing in new business and companies which develop their own technology in the renewable power generation and energy efficiency fields or other areas offering the potential for synergies with the company's core industrial activities.

The company's technological and industrial development over the years has enabled it to acquire deep and competitive know-how in terms of power electronics. This process has allowed Gamesa to take a qualitative leap in terms of its expertise and manufacturing capabilities. It is exploiting and leveraging this know-how with growing intensity, powering up new industrial segments in which it has been working for years through its subsidiary, Gamesa Electric.

Endorsed by more than 25 years' experience, this company is a global benchmark in the design and manufacture of electric power equipment and the provision of flexible end-to-end solutions in markets such as the photovoltaic (PV), hydro, nuclear, electric traction and marine propulsion markets, as well as wind. To this end, the company taps Gamesa's technological expertise and productive capacity as well as its maintenance service network in 35 countries worldwide. All of this is reinforced by next-generation manufacturing systems based on the lean manufacturing philosophy and the ability to ramp up to mass production or tailor its products to the specific needs of its customers.

In 2013, Gamesa Electric continued to develop its various segments, with a particular focus on the photovoltaic and hydroelectric segments. The diversification strategy being pursued opened the door to new countries, while allowing it to entrench its strong positioning in its target markets.

Gamesa is pioneering both segments by offering all-in-one mixed power generation and reactive power compensation solutions to segments of the primary power transformation industry. The company also made progress on the development of hybrid PV-diesel systems.

In the hydroelectric generation market, Gamesa entered new markets in Latin America, with contract wins in Panama (La Huaca) and Chile (Rio Angol and Río Collil). It also carried out its first project in Africa, commissioning a 40 MW HPP in Nigeria (Kashimbila).


SONDA 1
SONDA 2

Sustainability

04

Sustainability strategy

Effective corporate governance

The corporate governance strategy is based on the company's business principles and ethics which are enshrined in a code of conduct which guides everything the company does.

Stakeholder engagement

Employees, shareholders, customers, suppliers and local authorities: Gamesa builds solid and long-lasting relations with all its stakeholders with the aim of aligning and upholding mutual expectations.

Integrated excellence policy

By means of its integrated health & safety, environment and quality policy, Gamesa strives to fully satisfy its internal and external customers.

Sustainability has been part of Gamesa's corporate culture for a decade now. The Board of Directors, the company's highest decision-making body, is responsible for preparing and approving Gamesa's corporate social responsibility policy, which is based on a code of business ethics and socially responsible practices designed to meet stakeholders' needs and expectations.

In order to identify and track its stakeholders' interests, Gamesa has drafted a matrix of Significant Issues for 2013-2015. Building from these guidelines, the company has developed a Master Plan to accompany its 2013-2015 Business Plan which is underpinned by three strategic priorities:

- To reinforce integrity in order to make Gamesa an outstanding company which guarantees the alignment of its business model and management and governance practices.

- To reinforce identity by means of a framework for conduct which makes Gamesa the first choice for employees and benchmark suppliers worldwide.
- To raise the company's profile thanks to contribution to the development of the communities in which Gamesa does business.

Voluntary commitments

Gamesa has expressly assumed a series of voluntary commitments in terms of its sustainable development, the fight against climate change and the defence of human rights and fundamental freedoms, such as:

- The United Nations Global Compact. Gamesa signed the Compact in 2005 in order to help champion these ten basic principles in the areas of human and labour rights, environmental protection and the anti-corruption effort. Gamesa currently publishes the co-called Communication on Progress (COP) report, disclosing its compliance with these principles.
- The Global Reporting Initiative (GRI), a non-government organisation which strives to foster the exchange of transparent and reliable sustainability-related disclosures by means of a reporting framework which is applicable to all kinds of organisations. Gamesa has been publishing a GRI report in its capacity as Organizational Stakeholder since 2005.
- Caring for Climate: The Business Leadership Platform, a Global Compact initiative which aims to engage businesses and governments in taking decisions to combat climate change, promote energy efficiency, pare back greenhouse gas emissions (GHGs) and collaborate constructively with other public and private institutions.
- Endorsement of the Women's Empowerment Principles. An initiative backed by UN Women and the Global Compact with a view to creating strong economies, a more stable and just society, delivering on development, sustainable and human rights pledges and generally improving the living standards of women, men, families and communities.

More information: 2013 Sustainability Report.

Gamesa's Corporate Governance model

Corporate governance excellence

The Board of Directors adopts best practices inspired by corporate transparency and credibility.

Strong Code of Conduct

Gamesa fights corruption in all its forms; its code is dictated by institutional respect and strict compliance with the law.

Gamesa embraces best corporate governance practices, based on corporate transparency and the mutual trust of shareholders and investors, as one of the cornerstones of its sustainability policy.

To this end, and with the unwavering goal of excelling in corporate governance, Gamesa's Board of Directors regularly reviews the implementation of its code of ethics within and across the company and supply chain.

Gamesa's governance model is structured around two bodies:

The **Annual General Meeting** at which the shareholders decide by majority vote on the matters falling within their purview.

The **Board of Directors,** Gamesa's highest decision-making body, except for the matters reserved for shareholder voting. Its duties are to supervise the company's management and establish its general strategies and policies. Its mission is to oversee that Gamesa's interests are upheld at all times, maximising the company's value in a sustainable manner.

To carry out its duties, the Board of Directors is assisted by an Executive Committee, which has been given broad decision-making powers, and the Audit and Compliance Committee and the Appointments and Remuneration Committee, both of which have reporting, advisory, proposal-making, supervisory and control powers with respect to the matters falling within their respective domains.

Gamesa's Board of Directors is made up of highly-reputed and expert professionals. The majority are external directors, between independent directors (60% of the total) and proprietary directors (20%). The board is also diverse in terms of its gender mix.

Ignacio Martín, the Chairman of Gamesa's board, is also the company's chief executive officer or CEO. The company has taken the opportune measures to reduce the risks of concentrating too much power in a single person, as is recommended in Spain's corporate governance code. These measures include the appointment of one of the company's independent directors as deputy chairman and another independent director as Lead Independent Director.

Remuneration

Remuneration of the members of the Board of Directors is regulated in the company's bylaws and Board regulations. In 2013, Gamesa prepared an Annual Report on Director Remuneration in 2012, which individually itemises the compensation received by the various board members, as approved by the company's shareholders at the 2013 Annual General Meeting.

For their director-related duties, the members of the board receive a fixed annual sum as well as fees for attending the meetings of the board and its committees. The Chairman & CEO, meanwhile, also receives a fixed salary and bonus annually for the performance of his executive duties, as well as a bonus tied to medium/long-term objectives. This annual bonus is tied to business performance indicators such as group EBIT, financial health, volumes and the company's health and safety record.

The shareholders have approved a long-term bonus scheme encompassing the delivery of a sum of cash and company shares to the Chairman, senior executives, management and employees of Gamesa which is dependent on fulfilment of the 2013-2015 Business Plan targets.

Gamesa has put in place several procedures for detecting, preventing and resolving potential conflicts of interest between Gamesa and its directors, executives and significant shareholders. The company has a body of rules on the prevention of conflicts of interest and corruption and/or bribery.

Code of Conduct

Gamesa's Code of Conduct, which enshrines the company's values and corporate responsibility principles, governs the conduct of the company, its employees and all the professionals bound by it with a view to entrenching a universally-accepted set of business ethics. The code is reviewed and updated regularly and can be downloaded by the company's employees from the corporate website and intranet, where they can also find the latest developments and more information on the scope of certain rules. These principles are disclosed to employees who do not have access to the corporate intranet by means of publication on the various noticeboards and in the form of specific talks.

Board of Directors

Name of director	Position
Ignacio Martín	Chairman and Chief Executive Officer
Juan Luis Arregui	Deputy Chairman
Carlos Rodríguez-Quiroga	Director and Secretary
José María Vázquez	Director
Luis Lada	Director
José María Aracama	Director
Sonsoles Rubio	Director
José María Aldecoa	Director
Ramón Castresana	Director
Manuel Moreu	Director
José Antonio Cortajarena	Deputy Secretary, non-member

Committees of the board

Executive Committee

Name	Position	Directorship
Ignacio Martín	Chairman	Executive
Juan Luis Arregui	Member	Independent
José María Aldecoa	Member	Independent
Luis Lada	Member	Independent
Sonsoles Rubio	Member	Proprietary
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A
José Antonio Cortajarena	Deputy Secretary, non-member	N/A

Audit and Compliance Committee

Name	Position	Directorship
Luis Lada	Chairman	Independent
José María Vázquez	Member	Independent
Sonsoles Rubio	Member	Proprietary
Manuel Moreu	Member	Independent
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A

Appointment and Remuneration Committee

Name	Position	Directorship
José María Aracama	Chairman	Independent
Juan Luis Arregui	Member	Independent
Ramón Castresana	Member	Proprietary
Carlos Rodríguez-Quiroga	Secretary, non-member	N/A

The employee pledge

Continual improvement on health and safety

The rollout of a health and safety culture firm-wide entails a commitment to all employees: THINK SAFE.

Equal opportunities

Gamesa guarantees equal opportunities and promises a ratio of the basic salary of men to women of 1:1.

Two-way communication channels

In 2013, Gamesa's intranet received more than 124,000 visits, the shopping club (Gamesa Club) more than 11,300, while the company handled over 1,000 enquiries about Gamesa Flex.

Gamesa strives to raise its employees' living standards. With this objective in mind, it encourages professional training and champions respect for diversity and non-discrimination, while working hard to provide a safe and healthy workplace.

Gamesa has 6,079 employees across 29 countries, which is why management of equality and cultural diversity is a top priority. Gamesa promises equal opportunities in all its hiring processes.

Gamesa designs its remuneration policy, work-life balance measures, flexible compensation schemes and benefits on the basis of this diverse and geographically-dispersed workforce.

Remuneration and benefits policy

Gamesa's compensation policy is designed to ensure the pay it offers matches its professionals' skills and market salaries in order to guarantee fair and competitive remuneration.

Gamesa integrates equal opportunities, cultural diversity and non-discrimination criteria into its human capital management. Accordingly, the ratio of the basic salary of men to women is 1:1, calculated on the basis of basic salaries and carving out additional remuneration for seniority, benefits and other top-ups.

Attention to job quality also materialises in work-life balance measures designed and implemented by Gamesa as a function of the diversity of its workforce and their lines of work. Among these benefits, the flexitime, concentrated workday and holiday planning schemes in operation in Gamesa's three office buildings in Spain stand out. Other measures such as the flexible compensation plan (Gamesa Flex), the medical examination service and periodic health checks and assistance packages for people on international assignments also help to raise job quality. In 2013 the company rolled out specific benefits for employees located in Finland, Honduras, Morocco, Mexico, Uruguay, Costa Rica, Ireland and China.

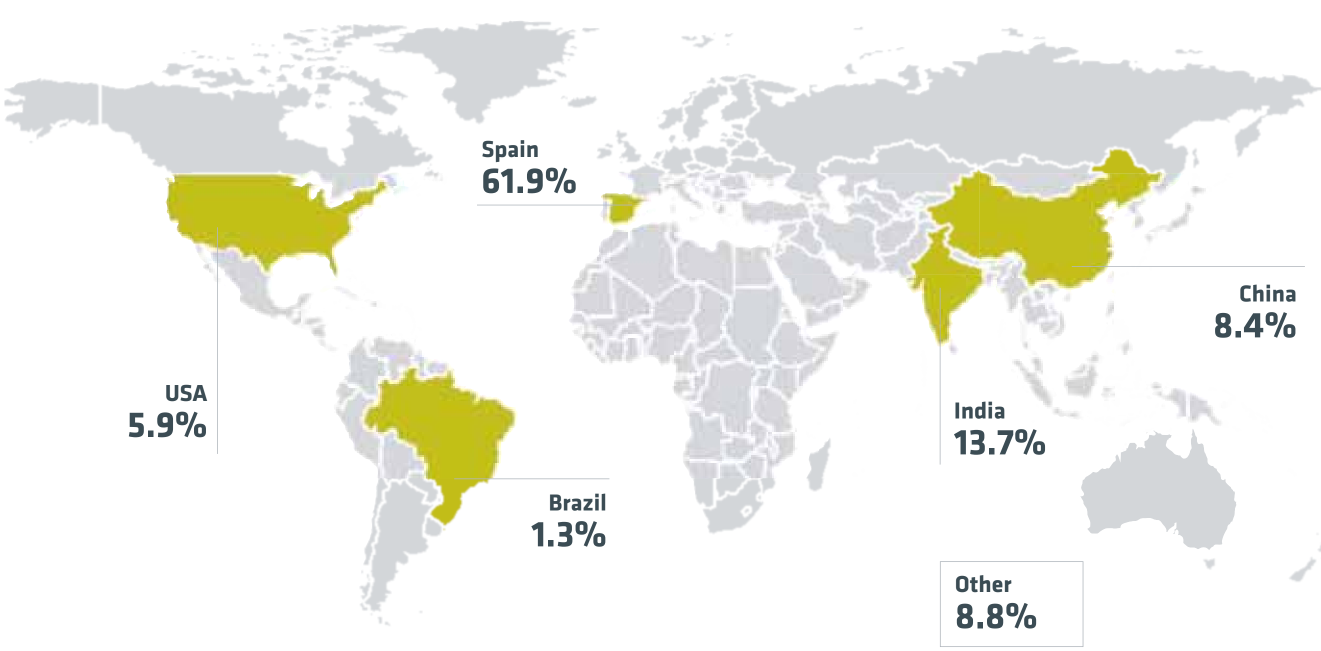
Talent management

Gamesa's hiring processes prioritise the identification and attraction of local talent in its operating markets. All of the executives working for the company in Europe and RoW, India and Brazil in 2013 were local. In the US, China and Brazil, local executives accounted for 50%, 83% and 67%, respectively. The company also actively encourages internal mobility (locally and internationally), thereby fostering the sharing and transfer of its know-how worldwide.

Job performance evaluation is the key tool used to determine the firm's training needs. In 2013, the company launched two new programs for attracting talent: the Gamesa Leadership Program, which offers the chance to participate in multi-disciplinary projects with an international dimension; and the Gamesa Premium Scholarship Programme, designed to draw the attention of new graduates. Gamesa also operates a specialised training centre, the Gamesa Faculty, focused on the provision of skills to customers, in-house staff and subcontractors.

Distribution by country

Total: 6,079 employees



Health and safety

In 2013, Gamesa sustained record-low accident rates. In addition to achieving the health and safety targets set, the accident frequency rate fell a notable 27%, while the accident severity rate dropped a substantial 25% in 2013.

Gamesa has a high-level workplace health and safety management program. Over 100 professionals are dedicated to this task, with another 70 employees hired on an outsourcing basis to undertake preventative work.

A total of 33 comprehensive audits and 422 specific safety training initiatives were undertaken in 2013. Under a series of programs at varying stages of development, 1,658 improvement initiatives were carried out, alongside 15,728 safety inspections; another 2,510 preventative actions are in the pipeline.

In addition, the workplace safety committees, on which 100% of Gamesa's employees are represented, guarantee worker involvement in health and safety policy-making as well as ensuring employee assistance with the task of identifying the risks that need to be assessed and monitored.

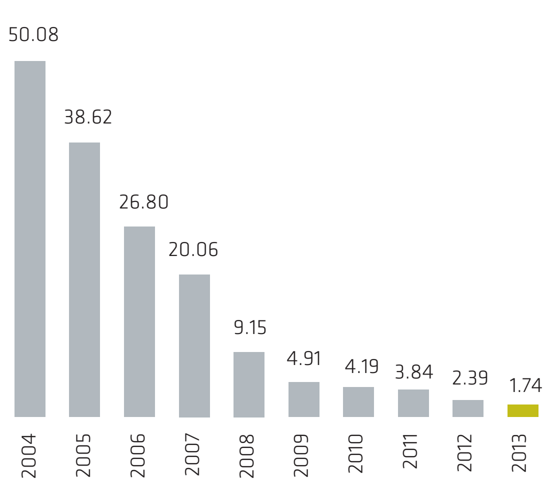
Labour relations

Relations between Gamesa and its employees are regulated by the labour regulations prevailing in each country and under the collective bargaining agreements entered into with the workers' representatives, as warranted.

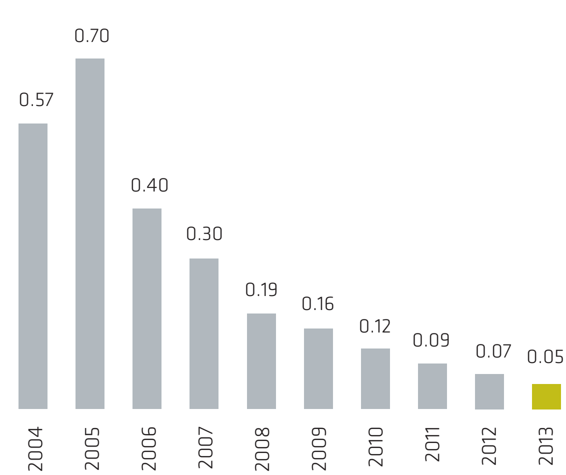
At year-end 2013, there were 34 employee committees in Spain with which management met 212 times, as scheduled. In Mexico the company has signed an agreement with the sector union for the construction of a wind farm and a preliminary agreement covering the construction of another. In Brazil an agreement has been signed covering the variable remuneration of workers at the nacelle plant.

Last year the company also rolled out new initiatives in this arena, such as the company dialogue Roundtable, a Gamesa-sponsored information and communication channel in Spain which met on five occasions, and a taskforce to draft a map of psychosocial risks, which met four times in 2013.

Evolution of the frequency rate



Evolution of the severity rate



The shareholder pledge

Sustained value creation

Gamesa defends, protects and upholds its shareholders' interests in a manner that is compatible with its community action and environmental protection efforts.

Permanent and transparent dialogue

The company has several lines of communication with its shareholders and the broader investor and analyst communities in order to provide them with accurate and comprehensive information.

Representation in the leading sustainability stock indexes

These indexes measure and track Gamesa's performance on the corporate social responsibility front.

The group of shareholders that have vested their interests in the Gamesa equity story deserve the company's special attention. To this end, the company's top priority is the sustained creation of value, coupled with a promise of transparency and shareholder engagement.

The share price gain of 357% in 2013 mirrors investors' reaction to the measures taken under the scope of the 2013-2015 Business Plan which have helped to put Gamesa back on the path to growth, earning the company renewed investor confidence.

The following stand out among the lines of communication with the company's shareholders and the broader investor and analyst communities:

> A specific shareholder and investor tab on the corporate website: 189,306 visits in 2013.

> Coverage of the company's earnings presentations: 983 people.

> Dedicated shareholder line: 477 calls.

> Annual General Meeting: attended by 152 shareholders representing 39.05% of the company's shares.

> Roadshow meetings and conferences with 66 investors in the financial districts of Madrid, London, Frankfurt, Munich and New York.

> Attendance at conferences organised by brokerages, fostering meetings with more than 50 investment funds.

> Dedicated shareholder inbox: 100 enquiries.

> Dedicated institutional investor and research analyst inbox: 248 enquiries.

> Ongoing contact with 20 research houses throughout the year.

Sustainability indexes

Gamesa opens itself up to continual analysis and assessment of its corporate social responsibility performance by assessment agencies, investment banks, certification bodies and think tanks. Their feedback provides it with very valuable information from which to learn and continue to improve.

Gamesa is part of leading international sustainability indices such as the FTSE4 Good Index series, Ethibel Investment Register and Ethibel Sustainability Index *Excellence Europe*.

The customer pledge

Customer-centred solutions

Gamesa's sales presence in nine regions gives it proximity to its customers and enables it to satisfy their needs while reducing response times and facilitating sales processes.

Truthful marketing claims

Gamesa's marketing messages must be transparent and accurate. This policy stands in all its operating regions.

Customer satisfaction

Gamesa launches a customer satisfaction survey every two years to assess every customer's perceptions.

Gamesa strives to satisfy its customers' needs and expectations optimally, reliably and competitively by bringing its technological know-how and manufacturing and operating experience to bear. Gamesa is strongly committed to honest customer relations. It promises to maintain its customers' data confidential, undertaking not to disclose information to third parties.

In order to ensure its commitment to accuracy and transparency materialises and to enhance its engagement channels, the company believes it is crucial to build long-lasting business relationships underpinned by proximity, unwavering customer service and trust. Against this backdrop, the mechanisms in place for gathering customer feedback are of vital importance as they constitute one of the best ways of evaluating the service provided as well as a tool for continually doing things better.

Against this backdrop, the mechanisms in place for gathering customer feedback are of vital importance as they constitute one of the best ways of evaluating the service provided as well as a tool for continually doing things better. To this end, Gamesa carries out a customer satisfaction survey every two years, thanks to which it can measure satisfaction at every step of the process as well as generating an overall snapshot of how the company is perceived. Eighty per cent, or 44 customers from 13 different markets, participated in Gamesa's last customer satisfaction survey, carried out in 2012. Gamesa obtained scores that indicate customer satisfaction at every link in the chain; however it scored best on the construction and overall perception ratings.

Gamesa also strengthens its customer relations by participating in trade fairs and organising specific events with its customers. In 2013 Gamesa participated in 13 international trade fairs in priority markets as well as new target markets. Gamesa usually complements its attendance at these trade fairs with seminars to discuss the specific attributes of its products and technology services.

The supplier pledge

Flexible and competitive supplier base

Gamesa's supplier base is made up of 8,300 suppliers worldwide and encompasses purchase volumes in excess of €1.98 billion.

Local community development and wealth creation

The percentage of local suppliers by market in 2013 stood at 94% in China, 74% in India and 49% in Brazil, providing an indicator of the company's contribution to wealth creation and development in these regions.

Responsible supply chain

Gamesa has evaluated 46% of its potentially critical suppliers in terms of CSR issues. These audits have resulted in in-house measures to improve relations with suppliers.

One of Gamesa's management priorities is to establish relations with its suppliers, contractors and professional service providers by building trust and acting transparently and, above all, by leveraging mutual know-how and skills with a view to nurturing a sustainable supply chain.

To achieve this objective, the company selects and contracts external suppliers on the basis of impartial and objective criteria, while overseeing, in parallel, compliance with Gamesa's code of conduct by gathering feedback on its suppliers' ethical conduct.

Last year the company purchased goods and services worth €1.98 billion from around 8,300 suppliers worldwide. Eighty per cent of total purchase volumes are concentrated in Spain, China, India, Mexico and Brazil, the company's most important geographic regions.

Supplier development

With more than 8,300 suppliers worldwide, Gamesa has continued to hone its supply chain's local capabilities so that it combines global suppliers with a regional reach with new local suppliers. It also works with its suppliers to ensure the highest possible standards of excellence in order to shorten order fulfilment times and cut spare parts and servicing costs.

Gamesa is committed to the development of its local suppliers with the goal of contributing to wealth creation and economic stability in its operating markets. To this end, the company earmarks its own resources to upgrading its suppliers' facilities in order to contribute to their technological development and competitiveness. In India, the company accordingly continued to develop new pieces for the G97-2.0 MW turbine with local forging companies such as Larsen&Toubro and local machining companies such as Classic Tools. In Brazil, it also developed processes for sharing smelting technology in order to transfer skills to local suppliers such as BR Metals and Romi.

Meanwhile, it continued to foster local skills training by means of the decentralisation of its supply chain. This is resulting in the increasing globalisation of the supply chain profile: global suppliers with local presences, new local suppliers and the international expansion of existing suppliers. The percentage of local supplies in 2013 reached 94% in China, 74% in India and 49% in Brazil.

Responsible supply chain development

Gamesa's general purchasing terms and conditions explicitly refer to respect for human rights and labour practices as well as evidencing a clear-cut zero-tolerance stance on fraud and corruption. The company is working hard to ensure these criteria are fully embraced across its supplier base.

More specifically, Gamesa's suppliers must undertake:

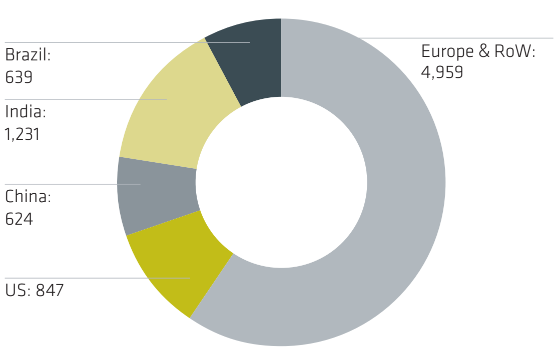
- not to employ children, directly or indirectly,
- not to engage in forced or compulsory labour and to prevent all forms of discrimination,
- to prevent all manner of fraudulent conduct on the part of their employees in relation to the receipt of any moneys whatsoever from Gamesa or any of its group companies.

Acceptance of and compliance with these general purchasing terms and conditions (in terms of volumes) stands at 100% in the US, 98% in China, 97% in India and 94% in Europe. In Brazil, one of Gamesa's most recently created supplier bases, the compliance level is running at 80%.

In 2013, Gamesa carried out its biennial assessment of compliance with human rights across its global supply chain (Supplier CSR assessment), evaluating 321 potentially critical suppliers (46% of all identified suppliers). The results of this exercise are feeding a host of in-house initiatives designed to reinforce the supply chain.

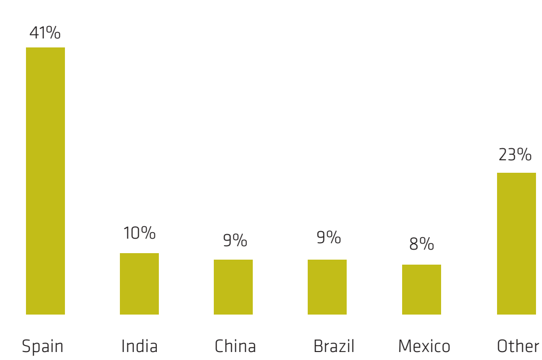
Supplier base

Total: 8,300 suppliers



Geographic breakdown of purchases

Total: 1,978 MM



The environmental pledge

Consumption

Materials consumption was cut by 13% to 103,507 tonnes, which is equivalent to 17 tonnes per employee per annum.

Energy consumption amounted to 1,004,868 gigajoules, a year-on-year reduction of 15%.

Water usage was cut by 16% to 80,040m^3 in 2013, which translates into consumption of 13m^3 per employee per annum.

Biodiversity

Gamesa prepares an Environmental Impact Assessment for every project for which it is required to do so by the authorities. If it is not so required, the company applies a series of internal controls to ensure compliance with environmental requirements. In 2013, the company performed 130 biodiversity studies.

Emissions, effluence and waste

The close to 30 GW of capacity installed by Gamesa to date prevents over 43 million tonnes of carbon emissions per annum.

Gamesa emitted 39,436 tonnes of carbon equivalent in 2013, a year-on-year reduction of 17%.

Discharges were cut by 5% to 62,536m^3.

Waste generation was pared back by 7% to 10,346 tonnes.

Gamesa is committed to continual improvement and collaboration in order to achieve sustainable development. It applies best practices to protect the environment, taking a preventative approach, and encourages information sharing and training in this area.

Gamesa oversees progress on this goal under the umbrella of its integrated Health & Safety, Environment and Quality (HSEQ) policy.

Gamesa is working hard to reduce the environmental fallout associated with the use of energy by trying to reduce the adverse footprint left by its direct business activities and by developing sustainable products which reduce CO_2 emissions.

Environmental targets

Over the course of 2013, Gamesa reduced its waste generation by 19% and verified its GHG emissions under the ISO 14064 standard for the third year running. These advances fall under the umbrella of a set of broader strategic objectives for 2013 - 2015:

> Consolidation of the implementation of the environmental management system in the EPC construction business line.

> Integration of environmental criteria into the process of designing the new multi-megawatt platforms and modifying existing platforms.

> New formulae for recovering the waste generated and reducing the associated management costs.

> Program for cutting the cost of waste management by 10% with respect to 2013 levels.

> A 10% reduction in the use of landfills by increasing the incidence of waste recycling and recovery.

> Reduction in energy consumption and the cost of energy by means of energy-efficiency measures.

> Finalisation of the rollout of the Globally Harmonized System of Classification and Labelling of Chemicals within the SAP environment.

> Progress in-house on the eco-design front by means of product life cycle assessments and environmental product declarations for the new multi-megawatt platforms.

> Progress assessing the environmental risks embedded in the new processes associated with the manufacture, assembly and maintenance of the new multi-megawatt turbines and the modification of existing products.

The community pledge

The principles governing Gamesa's community engagement

- **Sensitivity to changes in society**
  in order to understand evolving needs and anticipate future demands.

- **Systematic, two-way and accurate reporting on business operations**
  in order to foster a climate of trust and credibility.

- **Respect for the environment**
  by complying with prevailing legislation and working to preserve and protect our planet.

- **Job creation**
  by spearheading new competitive business ventures.

- **Support for the development of the least privileged echelons of society**

- **Support for research**
  to raise the level of scientific and technological know-how and promote the use of environmentally-friendly technology.

- **Collaboration with institutions**
  for community development purposes.

- **Relations with the public authorities**
  dictated by institutional respect and compliance with the law.

It is Gamesa's desire to contribute to raising living standards and creating wealth by means of the provision of its core services and by promoting and backing new business activities but also by sponsoring economic and social development using non-corporate channels.

With a presence in more than 50 markets worldwide, Gamesa assumes its responsibilities and duties as a business organisation to the communities in which it operates. Moreover, its products and services are part of the solution to some of the greatest challenges facing society today: population growth, sprawling urbanisation, economic and social changes, the search for renewable sources of energy and the need to repair the environment.

Community work

Gamesa's influence on the communities in which it has business interests extends beyond the impact of its business operations, representing more of a long-term commitment.

In 2013 Gamesa was particularly active in India, where the group channelled its community work through two lines of initiative: education and sports. On the educational front, Gamesa provides assistance to underprivileged children so that they can attend school as well as support for upgrading schools' basic infrastructure in remote areas.

In India there is a huge gap between the academic performance of students who live in rural areas and those who live in cities. The company has organised an awareness drive for children in rural schools, focusing on household health issues, the importance of safety and emergency readiness. To date the company has sponsored seven training programs benefitting over 4,000 school-goers.

The company also builds school benches and desks which are distributed in the towns located in the vicinity of its business operations and wind farms in order to increase access to basic schooling. In addition, Gamesa promotes academic excellence among rural students, awarding a special prize to students who score top marks in their school exams, among other initiatives.

As for sports, in 2013 Gamesa joined the Yuwa at Donosti Cup initiative whose goal is to facilitate the Yuwa India girls' participation in this international championship in the month of July. The team is made up of young girls from tribal areas presenting high levels of illiteracy, the aim being to combat social exclusion and discrimination through sport.

In Mexico, Gamesa has a collaboration agreement with Istmo University in the state of Oaxaca with a view to encouraging specialist wind power learning in the region, the country's windiest. Under the umbrella of this agreement, the company has designed a wind turbine operation and maintenance course which includes include theoretical and practical learning and is free for participants.

Membership of associations and institutional relations

The company's engagement with the public authorities is guided by institutional respect and strict compliance with the law: ties with, membership of or collaboration with political parties, institutions, foundations or associations with purposes that go beyond those of the company can only take place without involving the company and respecting the latter's political neutrality.

In 2013 Gamesa was a member of 17 organisations and associations in Spain and 31 other associations around the world.

Consolidated financial statements

05

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

Auditors' Report

Consolidated Financial Statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards

Consolidated Directors' 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 consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 38). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and Subsidiaries composing the GAMESA Group, which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2.a) to the accompanying consolidated financial statements, the directors are responsible for preparing the Group’s consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Gamesa Corporación Tecnológica, S.A. and Subsidiaries composing the GAMESA Group at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2013 contains the explanations which the Group's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors’ report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors’ report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Gamesa Corporación Tecnológica, S.A. and Subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Ricardo Celada
Partner

27 February 2014

Gamesa Corporación Tecnológica, S.A. and subsidiaries composing the Gamesa group

Consolidated balance sheets at 31 december 2013 and 2012 (Thousands of euros)

ASSETS	Notes	31.12.13	31.12.12 (*)
NON-CURRENT ASSETS:			
Intangible assets			
Goodwill	8	386.756	386.756
Other intangible assets	9	207.060	164.038
		593.816	**550.794**
Property, plant and equipment	10		
Property, plant and equipment in use		362.928	339.095
Property, plant and equipment in the course of construction		14.764	61.862
		377.692	**400.957**
Investments accounted for using the equity method	11	60.037	70.458
Non-current financial assets	13		
Derivatives		186	
Investment securities		38.774	37.191
Other non-current financial assets		2.777	3.875
		41.737	**41.066**
Deferred tax assets	25	379.361	347.518
Total non-current assets		**1.452.643**	**1.410.793**
CURRENT ASSETS:			
Inventories	14	495.770	590.389
Trade and other receivables	15	928.868	1.453.108
Trade receivables from related companies	32	273.408	174.929
Tax receivables	26	410.385	296.161
Other receivables		162.138	115.629
Current financial assets			
Derivative financial instruments	22	19.579	4.057
Other current financial assets		8.105	9.555
Other current financial assets from related companies	32	1.424	1.410
		29.108	**15.022**
Cash and cash equivalents	16	893.600	915.456
Total current assets		**3.193.277**	**3.560.694**
Current assets classified as held for sale	37	113.457	142.797
TOTAL ASSETS		**4.759.377**	**5.114.284**

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2013.

EQUITY AND LIABILITIES	Notes	31.12.13	31.12.12 (*)
EQUITY:			
Of the Parent	18		
Share capital		43.160	43.160
Share premium		154.619	154.619
Other reserves		839.887	1.485.396
Unrealised asset and liability revaluation reserve		188	(5.674)
Translation differences		(48.248)	9.879
Treasury shares		(21.340)	(7.157)
Net profit for the year		45.033	(659.440)
Other equity instruments		(565)	-
		1.012.734	**1.020.783**
Of non-controlling interests	19	4.924	7.892
Total equity		**1.017.658**	**1.028.675**
NON-CURRENT LIABILITIES:			
Provisions for contingencies and charges	23	252.570	359.256
Bank borrowings	21	523.768	1.121.138
Other non-current liabilities	24	53.722	43.059
Deferred tax liabilities	25	81.232	57.214
Derivative financial instruments	22	1.164	4.046
Total non-current liabilities		**912.456**	**1.584.713**
CURRENT LIABILITIES:			
Bank borrowings and other financial liabilities			
Bank borrowings	21	737.535	251.213
Derivative financial instruments	22	10.187	8.524
		747.722	**259.737**
Trade and other payables		1.381.828	1.444.377
Trade payables to related companies	32	325.962	461.923
Other payables			
Tax payables	26	280.920	210.234
Other current liabilities		92.193	85.110
		373.113	**295.344**
Total current liabilities		**2.828.625**	**2.461.381**
Current liabilities associated with assests classified as held for sale	37	638	39.515
TOTAL EQUITY AND LIABILITIES		**4.759.377**	**5.114.284**

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2013.

Consolidated income statements for the years ended 31 december 2013 and 2012

(Thousands of euros)

	Notes	Thousands euros 2013	2012 (*)
CONTINUING OPERATIONS:			
Revenue	7 and 29.a	2.335.618	2.664.841
+/- Changes in inventories of finished goods and work in progress		(171.976)	(57.401)
Procurements	29.b	(1.390.336)	(1.825.273)
Other operating income	29.a	79.373	101.994
Staff costs	29.c	(309.625)	(365.676)
Other operating expenses	29.d	(258.264)	(317.565)
Depreciation	29.e	(86.574)	(96.776)
Provisions	29.e	(67.948)	(319.177)
Net impairment losses on assets	9 and 10	(7.198)	(288.626)
Operating income		**123.070**	**(503.659)**
Finance income	29.f	10.490	21.016
Finance costs	29.g	(55.040)	(71.556)
Exchange differences (gains and losses)		(9.536)	(9.479)
Net loss on disposal of non-current assets	13	-	-
Net impairment losses	11	-	(24.647)
Results of companies accounted for using the equity method	11	(8.523)	(970)
Profit before tax from continuing operations		**60.461**	**(589.295)**
Income tax on profit from continuing operations	27	(11.132)	87.880
Profit for the year from continuing operations		**49.329**	**(501.415)**
DISCONTINUED OPERATIONS:			
Profit from the year from discontinued operations	7 and 37	(3.092)	(157.884)
PROFIT FOR THE YEAR		**46.237**	**(659.299)**
Attributable to:			
Shareholders of the Parent	7	48.125	(501.556)
Non-controlling interests	19	1.204	141
Profit from the year from discontinued operations attributable to:			
Shareholders of the Parent	37	(3.092)	(157.884)
Non-controlling interests		-	-
Total profit for the year:			
Shareholders of the Parent		45.033	(659.440)
Non-controlling interests		1.204	141
Earnings per share in euros basic and dilutes	**35**		
From continuing operations		0,1919	(2,0004)
From discontinued operations		(0,0123)	(0,6297)
Total Earnings per share in euros basic and dilutes		**0,1796**	**(2,6301)**

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated income statement for 2013.

Consolidated statements of comprehensive income for the years ended 31 december 2013 and 2012 (Thousands of euros)

	Notes	2013	2012*
CONSOLIDATED PROFIT FOR THE YEAR (I)		**46.237**	**(659.299)**
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)			
Income and expense recognised directly in equity			
Arising from cash flow hedges	18.c	4.169	(17.714)
Translation differences		(58.127)	2.338
Tax effect	18.c	(1.369)	5.511
		(55.327)	**(9.865)**
TRANSFERS TO PROFIT OR LOSS (III)			
Arising from cash flow hedges	18.c	4.422	8.630
Tax effect	18.c	(1.360)	(2.803)
Total transfers to profit or loss		**3.062**	**5.827**
TOTAL COMPREHENSIVE INCOME (I+II+III)		**(6.028)**	**(663.337)**
Attributable to the Parent		(7.232)	(663.478)
Attributable to non-controlling interests	19	1.204	141
TOTAL COMPREHENSIVE INCOME (I+II+III)		**(6.028)**	**(663.337)**
From continuing operations		2.078	(503.418)
From discontinued operations		(8.106)	(159.919)

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated statement of comprehensive income for 2013.

Consolidated statements of changes in equity for the years ended 31 december 2013 and 2012

	Share capital	Share premium	Unrealised asset and liability revaluation reserve	Restricted reserves: Legal reserve	Restricted reserves: Revaluation reserve	Restricted reserves: Reserve for redenomination of capital in euros	Reserve for treasury shares
BALANCES AT 1 JANUARY 2012 (*)	**42.039**	**155.279**	**702**	**8.354**	**461**	**1**	**27.541**
Total comprehensive income for 2012	-	-	(6.376)	-	-	-	-
Distribution of 2011 profit:							
Other reserves	-	-	-	54	-	-	-
Dividend with a charge to 2011 profit	-	-	-	-	-	-	-
Scrip dividend and bonus issue (Note 18-a)	1.121	(660)	-	-	(461)	-	-
Treasury share transactions (Notes 3-p and 18-e)	-	-	-	-	-	-	(19.072)
2009-2011 incentive plan (Note 18-e)	-	-	-	-	-	-	(1.312)
Transactions with non-controlling interests (Note 19)	-	-	-	-	-	-	-
BALANCES AT 31 DECEMBER 2012(*)	**43.160**	**154.619**	**(5.674)**	**8.408**	**-**	**1**	**7.157**
Total comprehensive income for 2013	-	-	5.862	-	-	-	-
Distribution of 2012 profit:							
Other reserves	-	-	-	-	-	-	-
Dividend with a charge to 2013 profit	-	-	-	-	-	-	-
Scrip dividend and bonus issue (Note 18-a)	-	-	-	-	-	-	-
Treasury share transactions (Notes 3-p and 18-e)	-	-	-	-	-	-	14.183
Incentive plans (Note 18-e)	-	-	-	-	-	-	-
Transactions with non-controlling interests (Note 19)	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-
BALANCES AT 31 DECEMBER 2013	**43.160**	**154.619**	**188**	**8.408**	**-**	**1**	**21.340**

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated statement of changes in equity for 2013.

Treasury shares	Other reserves	Translation differences	Net profit for the year	Interim dividend	Non-controlling interests	Total equity
(27.541)	**1.419.661**	**7.541**	**51.112**	**-**	**6.948**	**1.692.098**
-	-	2.338	(659.440)	-	141	(663.337)
-	49.376	-	(49.430)	-	-	-
-	-	-	(1.682)	-	-	(1.682)
-	(1.273)	-	-	-	-	(1.273)
19.072	16	-	-	-	-	16
1.312	2.050	-	-	-	6	2.056
-	-	-	-	-	797	797
(7.157)	**1.469.830**	**9.879**	**(659.440)**	**-**	**7.892**	**1.028.675**
-	-	(58.127)	45.033	-	1.204	(6.028)
-	(659.440)	-	659.440	-	-	-
-	-	-	-	(565)	-	(565)
-	-	-	-	-	-	-
(14.183)	150	-	-	-	-	150
-	1.895	-	-	-	2	1.897
-	-	-	-	-	(4.174)	(4.174)
-	(2.297)	-	-	-	-	(2.297)
(21.340)	**810.138**	**(48.248)**	**45.033**	**(565)**	**4.924**	**1.017.658**

Consolidated statements of cash flows from continuing operations for the years ended 31 december 2013 and 2012 (Thousands of euros)

	Notes	2013	2012 (*)
CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS			
Cash flows from operating activities:			
Profit before tax from continuing operations		57.369	(745.960)
Adjustments for			
Depreciation and amortisation charge and provisions and allowances	9,10,22 and 29.e	155.200	486.236
Incentive plan	18.e and 29.c	7.690	2.056
Finance income and costs	29.f and 29.g	64.803	64.320
Net loss on disposal of non-current assets	13	-	1.904
Net impairment losses on assets	10 and 11	7.198	337.587
Changes in working capital:			
Change in trade and other receivables		266.665	70.727
Change in inventories		94.647	495.106
Change in trade and other payables		(165.584)	(95.843)
Effect on working capital of changes in consolidation method and/or scope		(2.996)	(5.150)
Effect of translation differences on working capital of foreign companies		(37.106)	(1.438)
Provisions used for their intended purpose	23	(180.541)	(149.014)
Tax on profit income (pay)		(4.185)	20.711
Income taxes paid		3.802	22.881
Interest received		(53.634)	(77.545)
NET CASH FLOWS FROM OPERATING ACTIVITIES (I)		**213.328**	**426.578**
Cash flows from investing activities:			
Acquisition of subsidiaries, net of existing cash items			
Investments in intangible assets	9	(64.414)	(85.061)
Investments in property, plant and equipment	10	(73.880)	(139.664)
Investments in other non-current financial assets	13	(2.084)	(8.004)
Investments in other current financial assets		-	-
Receipts from disposal of tangible and intangible fixed assets		11.056	5.602
Receipts from disposal of financial and non financial assets		676	2.080
NET CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(128.646)**	**(225.047)**
Cash flows from financing activities:			
Equity issue of subsidiaries		(50)	668
New bank borrowings		287.407	196.560
Dividends paid		(989)	(3.366)
Interest paid		0	
Cash outflows relating to bank borrowings		(369.124)	(160.555)
Acquisition of treasury shares		150	16
NET CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(82.606)**	**33.323**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (IV)		**(25.017)**	**(6.354)**
EFFECT OF CHANGES ON CASH AND CASH EQUIVALENTS AND OF TRANSFERS TO ASSETS CLASSIFIED AS HELD FOR SALE (V)		**-**	**970**
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I+II+III+IV+V)		**(22.941)**	**229.470**
Cash and cash equivalents from continuing operations at beginning of year		916.556	687.086
TOTAL CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS AT END OF YEAR		**893.615**	**916.556**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 38 and the Appendix are an integral part of the consolidated statement of cash flows for 2013.

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

Notes to the Consolidated Annual Accounts for the year ended 31 December 2013

1- Formation of the Group and its activities

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

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

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

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

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

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

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

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

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

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

- 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 contemplates the following measures, whose effects on the accompanying consolidating financial statements at 31 December 2013 and 2012 are disclosed in the indicated notes:

- 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 (Notes 3.q, 23 and 29.c).

- Adaptation of 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 (Notes 3.f and 10).

- 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 (Notes 3.f, 9 and 10).

- Development of new manufacturing process, notably the blade manufacturing process using injected fiberglass (Notes 3.f, 9 and 10).
- 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 "onshore" and "offshore" facilities (Notes 3.f and 9).
- 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 (Notes 3.g and 14).
- 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 (Notes 3.i and 37).
- 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 assets forming part of property, plant and equipment, intangible assets, inventories 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, the Group presented impairment in the consolidated income statement for 2012 totalling €687.6 million, as follows:

2012	Note	Continued operations	Discontinued operations	Gross amount (Million euro)
ALIGNMENT OF THE BALANCE SHEET WITH THE BUSINESS PLAN 2013-2015:				
Property, plant and equipment	10	160.1	-	160.1
Intangible assets	9	126.6	-	126.6
Inventories	14	54.6	-	54.6
Accrued wages and salaries	23 and 29.c)	32.6	1.0	33.6
Other	23	33.2		33.2
		407.1	**1.0**	**408.1**
ALIGNMENT OF THE BALANCE SHEET WITH THE MARKET SITUATION:				
Investments carried under the equity method	11	24.6	-	24.6
Portfolio of wind farms (inventories)	14 and 37	28.2	110.9	139.1
Provisions and other	23	115.6	-	115.6
		168.4	**110.9**	**279.3**
		575.5	**111.9**	**687.4**

During 2013 there have been no significant differences with the Group's estimates at 31 December 2012 with respect to the matters and amounts disclosed in the preceding table. 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.

In addition, and with respect to non-current assets held-for-sale (Note 37):

- At 31 December 2013 and 2012 non-current assets held-for-sale include a wind energy plant in operation and a minority stake in another three plants operating in the United States. Despite the fact that more than 1 year has elapsed after classifying these assets as non-current assets held-for-sale, GAMESA maintains this classification since the delay is due to events or circumstances outside of the Group's control and it remains committed and plans to sell the assets (Note 3.I).

Information on the environment

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

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

a) Basis of presentation

The consolidated financial statements for 2013 of the GAMESA Group were formally prepared:

- By the directors of GAMESA, at the Board of Directors Meeting held on 26 February 2014.

- Since 2005, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value. The principal accounting policies and measurement bases applied in preparing the GAMESA Group's consolidated financial statements for 2013 are summarised in Note 3.

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

- So that they present fairly the consolidated equity and consolidated financial position of the GAMESA Group at 31 December 2013, and the consolidated results of its operations and its consolidated cash flows in the year then ended.

- On the basis of the accounting records kept by GAMESA and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2013 (IFRSs) could differ from those used by the Group companies when preparing their individual financial statements in accordance with local standards, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards (IFRS).

The consolidated financial statements of the GAMESA Group for 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 Group's 2013 consolidated financial statements have not yet been approved by the shareholders at the Annual General Meeting. However, the Board of Directors of GAMESA considers that these consolidated financial statements will be approved without any changes.

b) Adoption of new or revised International Financial Reporting Standards (IFRSs)

Mandatory standards, amendments and interpretation for all years starting 1 January 2013

IAS 1 (Revised) "Presentation of financial statements" – Presentation of other comprehensive results

This amendment changes the presentation of the other statement of comprehensive income, requiring that the items included in other comprehensive income be grouped in to two categories based on whether or not they will be transferred to the income statement. Those items that will not be transferred to the income statement, such as restatements of property, plant and equipment, will be presented separate from the other items that in the future will affect the income statement, such as losses and gains on cash flow hedges.

As was the case with the previous version of IAS 1, the option of presenting the items in other comprehensive results before taxes is maintained. If a company opts for this possibility, it must show the tax effect for both groups of items separately. IAS 1 also changed the name of the "Comprehensive income statement" and is now called "Statement of profit and loss and other comprehensive income". Alternative names may be used.

This amendment is mandatory in all years commencing as from 1 July 2012.

This amendment was taken into account when preparing the disclosures in the notes to the accompanying consolidated financial statements. For the purposes of comparison, the comprehensive consolidated income statement for the year ended 31 December 2012 is presented in accordance with IAS 1 (Revised), "Presentation of other comprehensive results".

IAS 19 (Revised) "Employee benefits"

The amendment of IAS 19 significantly changes the recognition and measurement of defined benefit pension expenses and severance payments, as well as disclosures of all employee benefits. Among others, the following aspects of IAS 19 have been amended:

- Actuarial gains and losses (now called restatements) may only be recognised under Other Comprehensive income/expense. The options to defer actuarial gains and losses using the corridor approach and recognising them directly in the income statement have been eliminated. The restatements that are recognised in other comprehensive income cannot be taken to the income statement.
- The cost of past services must be recognised in the year in which the plan is modified and unconsolidated benefits cannot be deferred to the future in a service period. Reductions take place only when the number of employees affected by the plan is significantly reduced. Gains and losses deriving from the reductions will be recognised in the same manner as past services.
- The annual expense of a financed benefit plan will include the net interest expense or income, which will be calculated by applying the discount rate to net assets or liabilities for defined benefits.
- Benefits that require the performance of future services will not be considered to be indemnities.

IAS 19 (Revised) is mandatory for all years commencing as from 1 January 2013.

The group does not have any significant defined benefit plans or compensation assigned for future work and which is considered to be severance indemnities and therefore the amendment of IAS 19 did not have any impact whatsoever the consolidated annual accounts for 2013.

IAS 12 – (Revised) "Deferred taxes: Recovery of the underlying assets"

The amendment to IAS 12 offers a practical approach for measuring deferred tax assets and liabilities relating to investment property measured at fair value, one of the measurement options offered by IAS 40 "Investment property". As regards the measurement of these deferred taxes, the amendment introduces the refutable presumption that the financial benefits inherent to investment property measured at fair value will be recovered through the sale of the property and not through its use. The modification includes the guidelines previously included in SIC 21 "Income Taxes - Recovery of revalued non-depreciable assets" in IAS 12, making it clear that its requirements do not apply to investment property measured at fair value.

Although this amendment was mandatory for all years commencing 1 January 2012 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2013.

This amendment was taken into account when preparing the disclosures in the accompanying notes to the consolidated accounts, although its application has not given rise to any impact whatsoever on the consolidated annual accounts for 2013.

IFRS 13 "Fair value measurement"

IFRS 13 is the result of the joint project between the IASB and the FASB (Financial Accounting Standards Board in the US) which explains how to measure items at fair value and has the purpose of improving and expanding the disclosure requirements regarding fair value. This standard does not establish what items must be measured at fair value or add new requirements to measure at fair value in addition to those already in existence.

Fair value is defined as the price that would be received on the sale of an asset or which would be paid to transfer a liability in an ordered transaction between market participants at the measurement date (exit date). It is a measurement based on market expectations and not those of the company. There is a 3 level hierarchy, the same hierarchy as that established under IFRS 7 for fair value measurements based on the type of inputs and the measurement techniques used. As regards the disclosure requirements under the new standard, among others, the measurement methods, date used and any change in the measurement techniques employed must be disclosed.

This amendment is mandatory for all years commencing as from 1 January 2011.

The new standard is applied prospectively as from the start of the year in which it is first applied. The disclosure requirements do not apply to the comparative information presented with respect to years prior to the one in which IFRS 13 is first applied.

This amendment was taken into account when preparing the consolidated financial statements and there has been no significant impact on the consolidated balance sheet and consolidated income statement, or on the disclosures in the accompanying notes to the consolidated accounts.

Improvement project 2009-2011

- IAS 16, "Property, plant and equipment"

It clarifies that spare parts and auxiliary equipment must be classified as property, plant and equipment and not as inventories, when the conditions to be classified as property, plant and equipment are met., As a result of this amendment, instead of being classified as inventories, the auxiliary equipment that is expected to be used during more than one year will be classified as property, plant and equipment.

This amendment is applicable retroactively and mandatory for all years commencing as from 1 January 2013.

This amendment was taken into account when preparing the disclosures in the accompanying notes to the consolidated accounts, although its application has not given rise to any impact whatsoever on the Group's consolidated annual accounts.

- IAS 32 – "Financial Instruments: Presentation"

The amendment resolves a conflict between IAS 32 and IAS 12 "Income taxes". It clarifies that the tax incentives related to the distributions to the holders of an equity instrument and the tax incentives relating to the transactions costs for any equity item must be recognised in accordance with the requirements established by IAS 12. Accordingly, the tax incentives related to distributions are recognised in the income statement and the tax incentives related to transaction costs for equity instruments are recognised under equity.

This amendment was taken into account when preparing the disclosures in the accompanying notes to the consolidated accounts, although its application has not given rise to any impact whatsoever on the Group's consolidated annual accounts.

IFRS 7 (Revised) "Offsetting financial assets and financial liabilities"

In December 2011 the IASB issued an amendment of IAS 32, "Offset of financial assets with financial liabilities" and an amendment of IFRS 7 "Disclosures - Offset of financial assets with financial liabilities"

The amendment to IAS 32 "Financial instruments: Presentation", modifies the standard's application guidelines to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment does not involve any changes to the compensation model already existing in IAS 32 and it continues to be applicable when, and only when, a company currently has a legal right to offset the recognised amounts and the intention to settle the net amount, or to simultaneously realize the asset and extinguish the liability. The revision clarifies that the right to offset must be presently available and not depend on a future event. In addition, the right must be legally available during the ordinary course of the operations of the counterparties involved in the transaction, even in the case of default, insolvency and bankruptcy. The amendment of IAS 32 is mandatory for all years commencing as from 1 January 2014 and applied retroactively. Early adoption is permitted.

Given that the requirements to offset financial assets against financial liabilities continue to be different from the requirements under US GAAP, the IASB simultaneous published an amendment of IFRS 7 "Financial instruments: Disclosures". The amendment of IFRS 7 requires the disclosure of quantitative information regarding recognised financial instruments that have been offset in the balance sheet and the financial instruments subject to master netting arrangements, regardless of whether or not they have been offset in the balance sheet. The amendment of IFRS 7 is mandatory for all years commencing as from 1 January 2013 and applied retroactively.

This amendment was taken into account when preparing the disclosures in the notes to the accompanying consolidated financial statements.

Note 36 provides a detail of the most significant standards, amendments to standards and interpretations published by the IASB (International Accounting Standards Board) which at 31 December 2013 had not yet come into force.

c) Functional and presentation currency

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

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

d) Responsibility for the information

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

e) Information relating to 2012

As required by IAS 1, the information relating to 2013 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2012 and, accordingly, it does not constitute the GAMESA Group's statutory consolidated financial statements for 2012.

For the purposes of comparing the information for 2013 against for the preceding year, the accounting affects that arose in 2012 as a result of the approval of the new business plan for GAMESA, which are disclosed in Notes 1, should be taken into account, fundamentally with respect to the consolidated income statement. It should be taken into consideration with respect to segment reporting that effective 1 January 2013 GAMESA redefined its operating and reportable segments and therefore the information regarding these items that is reported to the maximum decision-taking body at the Group, as is indicated in 7, and therefore the information presented in these annual accounts regarding 2012 does not coincide with the disclosures made in the annual accounts for that year.

f) Basis of consolidation

Subsidiaries

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

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

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

Joint ventures

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

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

Associated companies

The associates over which the GAMESA Group is in a position to exercise significant influence, but not control, were accounted for in the consolidated balance sheet using the equity method. For the purpose of preparing these consolidated financial statements, it was considered that the GAMESA Group is in a position to exercise significant influence over companies in which it has an investment of between 20% and 50% of the share capital, except in specific cases where, although the percentage of ownership is lower, the existence of significant influence can be clearly demonstrated. Also, significant influence is deemed not to exist in cases where, although an ownership interest of more than 20% is held, the absence of significant influence can be clearly demonstrated. Significant influence is deemed to exist when the GAMESA Group has the power to influence the financial and operating policies of an investee (see Notes 2-g, 11 and 12).

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

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

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

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

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

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

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

    (a) fair value, or

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

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

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

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

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

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

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

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

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

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

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

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

g) Changes in the scope of consolidation

The most significant inclusions in the scope of consolidation in 2013 and 2012 were as follows:

Incorporation of new companie

2013

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

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

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

2012

INCORPORATED COMPANY	INCORPORATING COMPANY	INTEREST HELD BY THE GROUP
Gamesa Venture Capital, S.C.R. de Régimen Simplificado, S.A. Unipersonal	Gamesa Corporación Tecnológica, S.A.	100 %
Gamesa Uruguay S.R.L (****)	Gamesa Eólica, S.L. (Unipersonal)	100 %
Gamesa Eólica Nicaragua, S.A. (***)	Gamesa Eólica, S.L. (Unipersonal)	100 %
Gamesa Kenya Limited S.L. (****)	Gamesa Eólica, S.L. (Unipersonal)	100 %
Gamesa Puerto Rico CRL	Gamesa Eólica, S.L. (Unipersonal)	100 %
Suchan Sp Z.o.o.	Gamesa Energía, S.A. (Unipersonal)	100 %
Wind Energy Construction Holdings I, LLC (**)	Gamesa Energy USA, Inc.	100 %
Wind Portfolio Memberco, LLC. (**)	Gamesa Energy USA, Inc.	100 %
Baja Wind Llc	Gamesa Energy USA, Inc.	50%
Energiaki Flabouro EPE (*)	Gamesa Energía, S.A. (Unipersonal) (*)	100 %
Rajgarh Windpark Private, Ltd	Gamesa Wind Turbines Private, Ltd.	50%
Fanbyn2 Vindenergi AB	Gamesa Energy Sweden, AB	100 %
Kurnool Wind Farms Privated Ltd	Gamesa Wind Turbines PTV, Lda	74%
Kadapa Wind Farms Privated Ltd	Gamesa Wind Turbines PTV, Lda	74%
Anantapur Wind Farms Privated Ltd	Gamesa Wind Turbines PTV, Lda	74%

(*) Gamesa Energía S.A. holds 99% of the share capital of this Company, while Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen simplificado, S.A. (Sociedad Unipersonal) hold the remaining 1%.

(**) Subsequently sold in 2012.

(***) Gamesa Eólica, S.L. (Single-Shareholder Company) holds a 99.8% ownership interest in this company, and Gamesa Innovation & Technology, S.L. (Sole-Shareholder Company) holds the remaining 0.2%.

(****) Gamesa Eólica, S.L. (Single-Shareholder Company) holds a 99% ownership interest in this company, and Gamesa Innovation & Technology, S.L. (Single-Shareholder Company) holds the remaining 1%.

At the end of 2012 the incorporated companies are fully consolidated.

Acquisition of new companies

2013

In 2013 no companies were acquired.

2012

In 2012 the following significant acquisitions were made:

COMPANY ACQUIRED	ACQUIRING COMPANY	INTEREST HELD BY THE GROUP
Sistemas Energéticos Almodóvar del Río, S.L. Unipersonal.	Gamesa Eólica, S.L. Unipersonal.	100 %
9Ren España, S.L.	Gamesa Corporación Tecnológica, S.A.	49 %

- The acquired company Sistemas Energéticos Almodóvar del Río, S.L. Unipersonal is consolidated using the full consolidation method.

  This transaction meant, among other things, the recognition of property, plant and equipment for a net amount of €56 million (Note 10) and at the time of recognition there was no effect whatsoever on consolidated equity or results or on the Group's total assets. However, and as a result of the events that took place during the second half of 2012 that are described in Note 10, this shareholding became impaired at 31 December 2012.

- On 29 June 2012, GAMESA and the shareholder of 9Ren España, S.L. agreed to increase share capital by capitalising the loans granted by GAMESA to the company, such that GAMESA increased its stake to 49% of the Company's share capital. For this purpose, the original shareholder of 9Ren España, S.L. expressly waived its right to preferential acquisitions and the principal amount of the loan totalling €60 million was capitalised after GAMESA waived its right to collect the interest accrued up to the date of the agreement. Once the transaction was completed, in which €5,859 thousand was added to the share capital of 9Ren España, S.L. and the remaining amount of €54,141 thousand was added to the share premium account, the share capital increase was fully subscribed and paid in, together with the associated share premium.

  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, which stood at 11.62%. The main assumptions used to project cash flows were:

  Turnkey solar plant construction activities (EPC):

  - Starting in 2012, increase in the MW constructed to 50 MW in 2016.
  - Decrease in prices to EUR 1.6 million per installed megawatt in 2016.

  Maintenance of solar plants (O&M):

  - Increase in the maintenance portfolio to 243.3 MW in 2016.
  - Evolution of price based on estimated inflation.

After GAMESA's acquisition of 49% of 9Ren España, S.L., it obtained significant influence over the company and the shareholding is included in the balance sheet using the equity method (Note 11).

As a result of the transaction described above, in 2012 the Group classified a net amount of €48,399 thousand under the heading "Investments recognised using the equity method" (Note 11).

Subsequently, as a result of the events that took place during the second half of 2012 that are described in Note 11, this shareholding became impaired at 31 December 2012.

The contribution to consolidated revenues in 2012 made by these additions to the scope of consolidation in 2012 was not significant, although it was in terms of results if the aforementioned impairment is taken into account, as detailed in Notes 2, 10 and 11.

If the acquisitions had taken place on 1 January 2012, the Group's revenues would not have been affected in any significant way.

Exits from the scope of consolidation - Sales

2013

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Eoliki Eliniki, A.E.	Wind energy plant operation	Greece	86%
Energiaki Pilou - Methonis, S.A.	Wind energy plant operation	Greece	100%
Dzialdowo Sp. Z o.o.	Wind energy plant operation	Poland	100%
Eolo Re, S.A.	Reinsurance	Luxembourg	100%
Carscreugh Renewable Energy Park Ltd.	Wind energy plant operation	United Kingdom	100%
Societe Du Parc Eolien de la Valliere	Wind energy plant operation	France	51%

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

2012

In 2012 the most significant exclusions from the scope of consolidation of the GAMESA Group were as follows:

COMPANY	ACTIVITY	REGISTERED ADDRESS	%
Windfarm Thransheide GmbH	Wind energy plant operation	Germany	100%
SAS SEPE Souvigne	Wind energy plant operation	France	100%
SAS SEPE des 4 Vallés	Wind energy plant operation	France	100%
Stipa Nayáa, Sociedad de CV	Wind energy plant operation	Mexico	87.5%
Krzecin Sp. Z.o.o.	Wind energy plant operation	Poland	100%
Pelplin Sp. Z.o.o.	Wind energy plant operation	Poland	100%
Taciewo Sp. Z.o.o.	Wind energy plant operation	Poland	100%
Zuromin Sp. Z.o.o.	Wind energy plant operation	Poland	100%
Gamesa Wind Engineering, APS	Engineering services	Denmark	100 %
Wind Portfolio Holding, LLC	Wind energy plant operation	United States	100%
Windfarm Sarow GmbH	Wind energy plant operation	Germany	100 %
PETAF – Energía Eólica Sociedade Unipessoal Lda	Wind energy plant operation	Portugal	100 %
Gamren Eólico Solar, S.L.	Solar/Wind developments	Spain	49%
Toftingall Renewable Energy Park Ltd.	Wind energy plant operation	United Kingdom	100 %
Pencoed Renewable Energy Park Ltd	Wind energy plant operation	United Kingdom	100%
Wind Portfolio Memberco, LLC	Wind energy plant operation	United States	100%
SAS SEPE Du p.e. Moreac	Wind energy plant operation	France	100%
Eólica Zopiloapan S.A.P.I. de C.V.	Wind energy plant operation	Mexico	87.5%
Minonk Wind, LLC	Wind energy plant operation	United States	100%
Sandy Ridge Wind, LLC	Wind energy plant operation	United States	100%
Trane Renewable Energy Park Ltd.	Wind energy plant operation	United Kingdom	100%
Foel Fynyddau Renewable Energy Park Ltd.	Wind energy plant operation	United Kingdom	100%
Senate Wind, llc	Wind energy plant operation	United States	100%
Wind Energy Construction Holdings I, LLC	Wind energy plant operation	United States	100%
SAS SEPE de la Souterraine	Wind energy plant operation	France	100%
SAS SEPE de Menetreol Sous Vatan	Wind energy plant operation	France	100%
SAS SEPE Saint Georges de Noisné	Wind energy plant operation	France	100%
Sistemes Energetics Passanant, S.L. Unipersonal	Wind energy plant operation	Spain	100%

The other exclusions from the scope of consolidation mainly relate to wind farms that were disposed of in 2012 whose net assets are classified as inventories and, therefore, the sale thereof, as indicated in Note 3-a, is recognised under “Revenue” in the accompanying consolidated income statement for 2012, for an amount equal to the sum of the price of the shares of the wind farms plus the amount of the net debt relating to the farms. The rest of the exits from the scope of consolidation relate to companies that were liquidated during the year, without any significant impact on the consolidated financial statements for 2012.

Exits from the scope of consolidation - Winding up of companies

2013

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

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

These liquidations did not have any significant impact on the consolidated annual accounts for 2013 since they fundamentally involved companies that were not active and they were liquidated for Group corporate organization purposes.

Changes in the shareholdings of subsidiaries

2013

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

2012

In 2012 there were no changes in the shareholdings in subsidiaries.

Other corporate transactions

2013

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

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

2012

In 2012 the following changes in the methods used to consolidate the companies which form part of the GAMESA Group were applied:

- Over the course of 2012 EBV Holding Verwaltung GMBH, a subsidiary of Gamesa Energía Deutschland GmbH, merged with the following companies EBV WP Nr. 29 GmbH & Co. KG, EBV WP Nr. 30 GmbH & Co. KG y EBV WP Nr. 31 GmbH & Co. KG.
- At 31 December 2011, GAMESA wholly owned the companies Sandy Ridge Wind, LLC., Senate Wind, LLC. and Minonk Wind, LLC., created to develop wind energy plants in the United States. In 2012 the construction of these plants was completed and the companies were transferred to Wind Portfolio Sponsorco, LLC, in which GAMESA Group retains a 24.26% stake after their sale to third parties. At 31 December 2013 and 2012 the remaining shareholding is classified under the heading "Disposal group of assets classified as held for sale" (Note 37).

3- Accounting principles and policies and measurement methods applied

a) Revenue recognition

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

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

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

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

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

b) Stage of completion

The GAMESA Group applies the percentage of completion method (see Note 17) to firm wind farm construction contracts and contracts for the sale of WTGSs to non-Group third parties that at 31 December of each year have the following characteristics:

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

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

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

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

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

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

c) Goodwill

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

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003 in accordance with the accounting policies applied until that date. In both cases, since 1 January 2004 goodwill has not been amortised and at the end of each reporting period it is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down accordingly (see Note 3.f).

d) Other intangible assets

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

Internally generated intangible assets - Development expenditure

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

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

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

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

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

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

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

Concessions, patents, licences, trademarks and similar

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

Software

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

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

e) Property, plant and equipment

Property, plant and equipment, which are all for own use, are stated in the balance sheet at acquisition cost less any accumulated depreciation and any recognised impairment losses. In addition to purchase price, acquisition cost includes non-recoverable indirect taxes and any other costs related directly to the entry into service of the asset for its intended use (including interest and other borrowing costs incurred during the construction period). Prior to 1 January 2004, the GAMESA Group revalued certain items of property, plant and equipment as permitted by the applicable legislation. The GAMESA Group, in conformity with IFRSs, treated the amount of these revaluations as part of the cost of these assets.

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

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

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

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

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

f) Asset impairment

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

At the end of each reporting period the GAMESA Group systematically analyses the recoverability of goodwill and other intangible assets with an indefinite useful life or which have not yet come into operation (see Notes 3.c, 8 and 9).

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

The discount rates used by the GAMESA Group are based on the weighted average cost of capital (WACC), which is between 9% and 10% (2012:between 10% and 11%), depending on the risks associated with each specific asset..

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

g) Inventories

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

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

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

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

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

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

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

h) Financial assets and liabilities

Financial investments

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

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

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

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

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

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

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

  The GAMESA Group recognised in this category derivative financial instruments which, although they are effective as hedges in accordance with the GAMESA Group's risk management policies, do not qualify for hedge accounting under IAS 39, Financial Instruments. At 31 December 2013 and 2012, the impact of these financial instruments on the accompanying consolidated financial statements is not material (Note 22).

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

  At 31 December 2013 and 2012, the GAMESA Group did not have any financial assets in this category.

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

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

  However, investments in the share capital of unlisted companies whose fair value cannot be measured reliably are measured at acquisition cost. This procedure was used for all the available-for-sale financial assets at 31 December 2013 and 2012 (Notes 12 and 13).

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

Category of financial assets at fair value

Following is an the analysis of the financial instruments which at 31 December 2013 and 2012 were measured at fair value subsequent to their initial recognition, classified in categories 1 to 3, depending on the fair value measurement method:

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

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

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

	Fair value at 31 December 2013 Thousand euro			
	Category 1	Category 2	Category 3	Total
NON-CURRENT FINANCIAL ASSETS				
Derivative financial instruments (Note 22)	-	186	-	186
CURRENT FINANCIAL ASSETS				
Derivative financial instruments (Note 22)	-	19,579	-	19,579
NON-CURRENT LIABILITIES				
Derivative financial instruments (Note 22)	-	(1,164)	-	(1,164)
CURRENT LIABILITIES				
Derivative financial instruments (Note 22)	-	(10,187)	-	(10,187)
	-	**8,414**	**-**	**8,414**

	Fair value at 31 December 2012 Thousand euro			
	Category 1	Category 2	Category 3	Total
NON-CURRENT FINANCIAL ASSETS				
Derivative financial instruments (Note 22)	-	-	-	-
CURRENT FINANCIAL ASSETS				
Derivative financial instruments (Note 22)	-	4,057	-	4,057
NON-CURRENT LIABILITIES				
Derivative financial instruments (Note 22)	-	(4,046)	-	(4,046)
CURRENT LIABILITIES				
Derivative financial instruments (Note 22)	-	(8,524)	-	(8,524)
	-	**(8,513)**	**-**	**(8,513)**

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

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

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

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

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

- There have been no transfers at any level during 2013.

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

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

    - A longer-term means higher credit risk.

    - Counterparty credit ratings are the primary risk factor.

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

  The application of IFRS 13 to the measurement of derivatives at 31 December 2013 did not give rise to any significant impact.

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

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Bank borrowings

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

Trade payables

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

Derivative financial instruments and hedge accounting (see Note 22)

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

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

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

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

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

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

Financial liabilities and equity instruments

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

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

Disposal of financial instruments

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

The Group derecognises the collection rights assigned (factored) and drawn down, since the rewards, rights and risks associated with these accounts receivable are contractually transferred to the factor, and, specifically, the factor assumes the related bad debt risk. The unmatured balances receivable arising from without-recourse factoring transactions at 31 December 2013 that were derecognised by the Group, amounted to €250 million (31 December 2012: €426 million). The average amount of factored receivables in 2013 was €147 million (2012:€226 million).

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

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

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

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

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

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

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

At the date the consolidated annual accounts were prepared the Group maintains agreements for their sale under which the buyer has imposed additional conditions regarding the transfer of the non-current asset (or disposable group of assets) previously classified as held-for-sale, which will extend the period required to complete the sale and furthermore:

i) the actions necessary to respond to the conditions imposed have been taken on a timely basis, and

ii) a favourable outcome is expected with respect to the factors that gave rise to the delay.

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

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

j) Leases

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

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

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

k) Segment reporting

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

l) Transactions denominated in foreign currency

l.1. Group companies

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

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

l.2. Transactions and balances

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

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

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

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

The detail of the equivalent euro value of the monetary assets and liabilities denominated in currencies other than the euro held by the GAMESA Group at 31 December 2013 and 2012 is as follows:

Currency	Equivalent value in thousand euro			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Pound sterling	11,403	14,102	1,524	3,504
US dollar	441,387	434,127	289,875	466,959
Japanese yen	847	247	595	383
Egyptian pounds	18,455	5,432	9,638	2,654
Chinese yuan	135,750	106,637	173,276	82,732
Polish zloty	21,972	1,868	5,425	714
Indian rupees	177,992	143,817	70,079	178,027
Brazilian real	385,158	386,118	275,488	347,602
Moroccan dirham	10,066	23,355	7,891	7,166
Romanian Lev	11,403	1,366	15,475	2,960
Mexican peso	13,502	6,796	97,864	120,929
Other currencies	1,232	14,402	20,025	8,598
TOTAL	**1,229,167**	**1,138,267**	**967,155**	**1,222,228**

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
Trade receivables (Note 15)	684,814	-	540,293	-
Cash and other liquid assets (Note 16)	544,353	-	426,862	-
Payables	-	1,028,193	-	823,924
Bank borrowings (Note 21)	-	110,074	-	398,304
TOTAL	**1,229,167**	**1,138,267**	**967,155**	**1,222,228**

m) Government grants

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

Grants related to income are allocated to income in the year in which the related expenses are incurred. “Other Operating Income” in the consolidated income statements for 2013 and 2012 includes €626 thousand and €270 thousand, respectively, in this connection (Note 29.a).

n) Classification of current and non-current liabilities

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

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

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

o) Income tax

Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to Álava corporation tax legislation have filed income tax returns under the special consolidated tax regime. Since 2010, as a result of the change of the tax group's parent company 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.

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

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

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

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

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

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

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

p) Parent company treasury shares

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

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

q) Provisions

A distinction is drawn between:

- Provisions: present obligations at the balance sheet date arising from past events which are uncertain as to their amount and/or timing.

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

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

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

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

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

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

Court proceedings and/or claims in progress

At 31 December 2013 and 2012, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its directors consider that the provisions recognised for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the consolidated financial statements for the years in which they are settled (see Note 23).

At 31 December 2013 and 2012, there were no significant contingent liabilities or provisions that had not been recognised or disclosed in these consolidated financial statements.

r) Termination benefits

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

The Group has recorded the impact of the aforementioned indemnity expenses arising as a result of personnel restructuring under the heading "Personnel expenses - Change in provisions for restructuring" in the accompanying consolidated income statement (Note 29.c).

s) Share-based payment

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

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

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

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

t) Consolidated cash flow statement

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

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

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

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

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

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

Except for certain impacts in 2012 relating to the New Business Plan 2013-2015 identified in Note 1 and detailed in the relevant notes, there have been no significant additional non-monetary transactions in 2013 and 2012.

u) Earnings per share

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

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

Basic earnings per share in 2013 and 2012 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (see Note 35).

v) Dividends

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

w) Interest cost

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

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

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

4- Financial risk management policy

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

a) Market risk (foreign currency risk)

This risk arises as a result of the international transactions carried out by the GAMESA Group in the ordinary course of its business. Part of its revenues and its expenses are denominated in US dollars, Indian rupees, and Chinese yaun and, starting in 2013 a significant amount is denominated in Brazilian reals, Mexican pesos and, to a lesser extent, other currencies apart from the euro. Therefore, to the extent that GAMESA Group 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 main foreign currency balances at 31 December 2013 and 2012 are detailed in Note 3.l to the accompanying notes to the consolidated financial statements.

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

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

		Thousand euro – Credit / (Debit) (*)			
		5% devaluation of the euro		5% appreciation of the euro	
Currency	Exchange rate at 31.12.13	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
US dollar	1.3791	(5,146)	(2,747)	5,691	2,664
Chinese yuan	8.3491	43	(5,185)	(179)	5,309
Indian rupees	85.336	3,304	(4,488)	(3,533)	4,370
Brazilian real	3.26	5,644	(507)	(6,130)	507
Mexican peso	18.07	9,645	(1,113)	(10,710)	1,113

(*) Negative impact on profits and equity and positive reductions in equity.

Currency	Exchange rate at 31.12.12	Thousand euro – Credit / (Debit) (*) 5% devaluation of the euro: Impact on profits before taxes	5% devaluation of the euro: Impact on equity before taxes	5% appreciation of the euro: Impact on profits before taxes	5% appreciation of the euro: Impact on equity before taxes
US dollar	1.3194	22,994	2,263	(24,592)	(2,266)
Chinese yuan	8.2207	6,180	(5,099)	(6,436)	5,075
Indian rupees	72.5584	5,356	(9,094)	(5,748)	9,094

(*) Negative impact on profits and equity and positive reductions in equity.

b) Market risk (price)

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

c) Market risk (interest rate)

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 (Note 22).

The debt structure at 31 December 2013 and 2012, drawing a distinction between fixed and floating rate borrowings (Note 21), is as follows:

	Thousand euro 2013: Excluding hedges	2013: Including hedges	2012: Excluding hedges	2012: Including hedges
Fixed-income	-	389,582	-	391,541
Variable rate	1,261,303	871,721	1,372,351	980,810

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

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

	Thousand euro – Credit / (Debit) (*) Change in the interest rate -0,25%: Impact on profits before taxe	Change in the interest rate -0,25%: Impact on equity before taxe	Change in the interest rate +0,25%: Impact on profits before taxe	Change in the interest rate +0,25%: Impact on equity before taxe
2013	(2,286)	6	2,286	(6)
2012	(2,741)	19	2,741	(19)

(*) Negative impact on profits and equity and positive reductions in equity.

d) Liquidity risk

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

Also, in 2013 the GAMESA Group had an average of unused credit facilities equal to approximately 34.06% of the bank financing drawn down (2012: 38.16%).

e) Credit risk

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

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

The analysis of the age of financial assets outstanding for which no provision whatsoever has been deemed necessary at 31 December 2013 and 31 December 2012 is as follows:

	Thousand euro	
	2013	**2012**
Less than 90 days	51,284	65,778
90 – 180 years	19,535	17,731
More than 180 days	60,145	112,839
TOTAL	**130,964**	**196,348**

The credit quality of cash and other cash equivalents at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	**2012**
A+	101,675	88,111
A	15,741	223,856
A-	115,172	-
AA-	359	255
BBB+	10,392	19,788
BBB	180,343	59,458
BBB-	448,771	491,025
BB	19,156	29,772
BB-	1,991	3,191
TOTAL	**893,600**	**915,456**

5- Estimates and sources of uncertainty

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

- As is indicated in Note 1, Gamesa has introduced a new Business Plan 2013-2015 on 25 October 2012 which, among other things, includes measures that required management to make estimates of the recoverable value of certain property, plant and equipment, intangible assets (Notes 9 and 10) and stocks (Note 14), and the calculation of the provisions deriving from the restructuring process (Notes 3.p and 23).

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

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

- As indicated in Note 3.f, at least once each year the GAMESA Group tests for impairment assets for which there are indications that they might have become impaired and goodwill and intangible assets that have not yet come into service, and, therefore, it has to estimate their recoverable amount (see Notes 8, 9, 10 and 13.b).

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

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

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

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

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

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

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

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

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

6- Application of results

The proposal for distributing 2013 net profits by Gamesa Corporación Tecnológica, S.A. that the Board of Directors will present to shareholders at a General Meeting for approval, calculated in accordance with Spanish accounting legislation applicable to the Company's individual financial statements, is as follows:

	Thousand euro
BASIS OF DISTRIBUTION:	
Profit for the year	443,575
	443,575
DISTRIBUTION:	
Prior year results	443,351
Legal reserve	224
Voluntary reserves	-
Dividends	-
TOTAL	**443,575**

7- Segment reporting

The Group had been reporting its activity through the operating segments Manufacturing and Generation, due to the fact that it was structured organizationally in this manner, and it presented internal information generated for the top decision-making body in this way. It only identified two cash generating units that coincided with those segments.

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

- Wind Turbines (*)
- Operations and maintenance

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

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

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

The breakdown, by segment, of consolidated revenue for the years ended 31 December 2013 and 2012 is as follows:

Segment	Thousand euro	
	2013	2012
Wind Turbines	1,970,770	2,321,141
Operations and maintenance	364,848	343,700
NET REVENUES FROM CONTINUED OPERATIONS	**2,335,618**	**2,664,841**

b) Result for the year

The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2013 and 2012 is as follows:

Segment	Thousand euro	
	2013	2012
Wind Turbines	80,531	(519,252)
Operations and maintenance	42,539	15,593
Total Results Segment Operations	**123,070**	**(503,659)**
Unassigned results	(66,905)	(243,661)
Corporate income tax	(11,132)	87,880
RESULTS FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	**45,033**	**(659,440)**

Geographical information

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

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

The most significant disclosures in this connection are as follows:

a) Revenue

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

Geographical area	31.12.13		31.12.12	
	Thousand euro	%	Thousand euro	%
Spain	217,448	9.3%	254,434	9.5%
Rest of Europe	250,562	10.7%	496,598	18.6%
United States	48,509	2.1%	484,106	18.2%
China	11,594	0.5%	251,044	9.4%
India	466,110	20.0%	292,946	11.0%
Brazil	423,928	18.2%	280,533	10.5%
Mexico	554,703	23.7%	359,976	13.5%
Rest of the world	362,764	15.5%	245,204	9.3%
TOTAL	**2,335,618**	**100%**	**2,664,841**	**100%**

b) Total assets

The detail, by geographical segment, of the total assets at 31 December 2013 and 2012 is as follows:

Geographical area	31.12.13		31.12.12	
	Thousand euro	%	Thousand euro	%
Spain	2,448,984	51.4%	2,292,626	44.8%
Rest of Europe	408,229	8.6%	542,782	10.6%
United States	363,041	7.6%	598,110	11.6%
China	212,357	4.5%	376,259	7.4%
India	243,688	5.1%	366,417	7.2%
Brazil	556,213	11.7%	89,939	1.8%
Mexico	375,348	7.9%	311,370	6.1%
Rest of the world	151,517	3.2%	536,781	10.5%
TOTAL	**4,759,377**	**100%**	**5,114,284**	**100%**

c) Investment in assets

The detail, by geographical segment, of the investments in property, plant and equipment and other intangible assets at 31 December 2013 and 2012 is as follows:

Geographical area	**31.12.13**		**31.12.12**	
	Thousand euro	**%**	**Thousand euro**	**%**
Spain	107,540	77.8%	158,841	70.7%
Rest of Europe	179	0.1%	3,971	1.8%
United States	7,043	5.1%	18,320	8.2%
China	1,843	1.3%	4,162	1.9%
India	12,892	9.3%	30,176	13.4%
Brazil	8,680	6.3%	9,008	4%
Mexico	92	0.1%	86	0%
Rest of the world	25	0%	26	0%
TOTAL	**138,294**	**100%**	**224,590**	**100%**

8- Goodwill

After the publication and launch of the Business Plan 2013-2015 at the end of last year, during the first half of 2013 the Group underwent an organizational and corporate reorganization process that involved a change in the top executive positions and a redefinition of its reporting structure, both to the top decision-making authority, as well as to the market, such that the composition of the reportable operating segments at the Group changes, together with the identification of the cash generating units to which the goodwill had been assigned.

The Group had been reporting its activity through the operating segments Manufacturing and Generation, due to the fact that it was structured organizationally in this manner, and it presented internal information generated for the top decision-making body in this way. It only identified two cash generating units that coincided with those segments. The Group currently discloses the following as reportable segments:

- Wind Turbines (*)
- Operations and maintenance

(*) Includes wind turbine manufacturing, development, construction and sale of wind energy plants.

When identifying reportable segments, the Group has taken into consideration:

- The growing materiality of the Operating and Maintenance activity. This activity has been present in the Group's operations since the start of manufacturing and sale of wind turbines and currently represents more than 10% of ordinary combined revenues, both external and internal, from all operating segments.

- The adaptation of the organizational structure and the top positions of responsibility to the strategic lines set out in the Business Plan 2013-2015. In this connection, the current organizational structure takes into consideration a single responsible party for the "Wind turbine" segment, which manages and reports in a unified manner. The Group has completely eliminated the organizational and reporting structures associated with the previous Generation business unit, which has ceased to be a separate activity apart from construction, and currently represents merely an additional method for channelling the marketing of wind turbines and wind energy plants, which constitute a single reportable operating segment. This organizational and management change is coherent with the current state of the business and, specifically, with the organization of the activity in the new markets that the Group is accessing where it currently has a significant relative weight, such as the markets in India and Brazil, with a growing way within all of the Group's activities and where those activities, with the exception of operations and maintenance, are managed and reported in a unified manner.

As a result of the matters indicated above, the Group has not only redefined reportable operating segments in the described terms but rather it is also:

- Reviewing the opportunity to modify the current legal structure of the Group to adapt it to the described reality.
- It has identified the Group's new cash generating units within those two new segments and, as a result, it has grouped together into a single cash generating unit the previous manufacturing and generation activities and segments since the nature of the risks associated with the generation of cash from the development activity has changed, consistent with the risks associated with the generation of cash from the manufacturing activity, and since there has been a dislocation of the activity in the markets in which the development activity was separate, to those for which no distinction is made between that activity and the manufacturing activity. This change in the risks associated with the generation of cash by the development activity is fundamentally due to the Group's decision to, in general, not initiate any development activity that is not inseparably associated with the sale of wind turbines and construction projects and, as a result, the cash flows from the development activity are totally dependent on the manufacturing activity.

In consequence, the Group has redistributed the amount of goodwill among the affected units. The redistribution has been obtained by employing a method based on materiality, and based on recoverable value and there is no other method that better reflects the goodwill associated with the reorganized units, as follows:

- Desegregation of the goodwill previously assigned to the manufacturing cash generating unit into two different amounts, one attributable to the new cash generating unit and wind turbine segment and the rest to the operating and maintenance segment and cash generating unit.
- Transfer of the goodwill previously assigned to the generation cash generating unit and segment, which no longer exists, to the new wind turbine cash generating unit and segment.

The fair value of the identified new cash generating units has been calculated based on individual cash flow projections that represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate equal to 1%. The assumptions made include the discount rates based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating unit, which stand at between 9% and 10% for both cash generating units. This evaluation of the differentiated flows from operations and maintenance has been based on the new management systems implemented in 2013 in which are the basis for the information provided to the governing bodies. The assumptions taken into consideration for the purposes of separating goodwill by segment, others in force at the start of 2013 which is the time at which the aforementioned operating, organizational and reporting circumstances arise with respect to the redefinition of GAMESA's segments.

As a result of the described procedure, at 1 January 2013 €267 million and €120 million in goodwill attributable to the Wind turbine and Operating and Maintenance segments, respectively, has been assigned.

The disclosure of "Goodwill" by segments is as follows:

	Thousand euro	
	31-12-2013	**31-12-2012(*)**
"Wind turbine" Segment	266,862	266,862
"Operations and maintenance" segment	119,894	119,894
	386,756	**386,756**

(*) 2012 information restated in accordance with the new definition of the cash generating units.

Goodwill originated in euro.

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

Goodwill allocated to the "Wind Turbine" segment

For the goodwill identified with the WTGS manufacturing segment (Note 7), the recoverable amount of the cash generating unit taken as a whole was measured by reference to their value in use, which was calculated on the basis of cash flow projections (approved by management) which represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate of 1%.

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

In order to calculate value in use, the assumptions made include the discount rate based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating unit, which stand at between 9% and 10%.

From a business standpoint, the following key assumptions were made in 2013:

- Growth in the MW sold compared with 2013 (1,953 MW), in line with the high range of activity in the Business Plan 13-15 (2,400 MW) fundamentally due to the increase in overall demand, particularly in the Indian, Mexican and Brazilian markets.
- Growth in operating margins compared with 2013 (4%) in line with the Business Plan 13-15 due to the increase in activity, the launch of new products, the optimization of variable costs and the reduction of fixed costs.
- Reduction in investments below those made in 2013 (€110 million in net consolidated operating investments), and progressive improvement in line with the Business Plan 13-15 in working capital/sales (working capital/sales less than 15%), thanks to the alignment of production, the entry of orders and the optimization of inventory.

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised at 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 sold in coming years.
- 5% decrease in average revenues per MW.
- 5% increase in fixed costs.

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

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

Goodwill allocated to the "Operations and Maintenance" segment

For the goodwill identified with the operating and maintenance segment (Note 7), the recoverable amount of the cash generating unit taken as a whole was measured by reference to their value in use, which was calculated on the basis of cash flow projections (approved by management) which represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate of 1%.

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

In order to calculate value in use, the assumptions made include the discount rates based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating unit, which stand at between 9% and 10%.

From a business standpoint, the following key assumptions were made in 2013:

- Growth in the MW maintained over the coming years in accordance with the Business Plant 13-15, which established a volume of more than 24,000 MW maintained at the end of the plan's horizon.
- Increase in the EBIT margin above the wind turbine segment, in line with the Business Plan 13-15 and in line with the improvement in 2013 (approximately 12% EBIT margin in 2013).

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised and, therefore, no problems regarding the recovery of the aforementioned goodwill were detected at 31 December 2013.

In addition, from a perspective of analysing sensitivity, at 31 December 2013 GAMESA Group applied sensitivity calculations to the results of this impairment test, recording the following reasonable changes in the key assumptions:

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

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

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

Therefore, in accordance with the estimates and projections available to the Group, the outlook for both the wind turbine and Operating and Maintenance cash generating units to which the goodwill is assigned adequately support the value of the goodwill recognized at 31 December 2013 and, as a result, there is no impairment whatsoever. Based on this outlook, no impairment would have arisen based on the previous cash generating unit structure at the Group up until 31 December 2012.

9- Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2013 and 2012 were as follows:

	Development expenses	Concessions, patents,licences, trademarks and similar	Software	Prepayments	Total
	Thousand euro				
COST					
Balance at 01.01.12	**351,353**	**28,442**	**58,227**	**4,321**	**442,343**
Additions	74,904	-	4,092	6,065	85,061
Disposals	-	(88)	(165)	-	(253)
Differences on exchange	(516)	(334)	(70)	-	(920)
Transfers	28	1	8,383	(8,340)	72
Transfers of items classified as held-for-sale to disposal groups	-	(17)	(362)	-	(379)
Balance at 31.12.12	**425,769**	**28,004**	**70,105**	**2,046**	**525,924**
Additions	58,162	5	3,977	2,270	64,414
Disposals	-	-	(57)	-	(57)
Differences on exchange	(900)	(881)	(211)	-	(1,992)
Transfers	(30)	-	2,730	(2,605)	95
Balance at 31.12.13	**483,001**	**27,128**	**76,544**	**1,711**	**588,384**
DEPRECIATION					
Balance at 01.01.12	**(161,312)**	**(18,629)**	**(31,794)**	**-**	**(211,735)**
Charge for the year (Note 29.e)	(10,977)	(3,136)	(10,109)	-	(24,222)
Differences on exchange	24	6	16	-	46
Disposals	-	39	141	-	180
Transfers	(30)		(2)		(32)
Transfers of items classified as held-for-sale to disposal groups	-	18	95	-	113
Balance at 31.12.12	**(172,295)**	**(21,702)**	**(41,653)**	**-**	**(235,650)**
Charge for the year (Note 29.e)	(10,152)	(61)	(9,970)	-	(20,183)
Differences on exchange	66	21	60	-	147
Disposals		(5)	29	-	24
Transfers	548		(644)	-	(96)
Balance at 31.12.13	**(181,833)**	**(21,747)**	**(52,178)**	**-**	**(255,758)**
IMPAIRMENT LOSSES					
Balance at 01.01.12	**-**	**-**	**-**	**-**	**-**
Impairment loss recognised in the year	(126,607)	-	(35)	-	(126,642)
Differences on exchange	406	-	-	-	406
Balance at 31.12.12	**(126,201)**	**-**	**(35)**	**-**	**(126,236)**
Impairment loss recognised in the year	(12)				(12)
Reversal of impairment					
Differences on exchange	682				682
Balance at 31.12.13	**(125,531)**		**(35)**		**(125,566)**
TOTAL OTHER INTANGIBLE ASSETS AT 31.12.12	**127,273**	**6,302**	**28,417**	**2,046**	**164,038**
TOTAL OTHER INTANGIBLE ASSETS AT 31.12.13	**175,637**	**5,381**	**24,331**	**1,711**	**207,060**

During 2012, and within the framework of the new Business Plan 2013-2015 (Note 1), there were significant changes of a marked technological character, among other things, 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 accompanying consolidated income statement for 2012.

The aforementioned impairment fundamentally relates to those development expenses incurred to date and specifically to projects relating to a certain Multi-MW blade design and certain specific developments involving off-shore platforms up until the business plan, but with no view of their evolution and cash flow generation capacity within the framework of the new business plan.

After the impairment applied, at 31 December 2013 the most significant development project relates to the Multi-MW platform from 4.5 MW to 5 MW for a net total of €115 million (2012 €100 million), and this platform allows the development of both onshore and offshore projects. The recoverability of the investment during the development of this project has been analysed through the higher of value-in-use and fair value.

In the current context of GAMESA's sector (level of technological development, number of operators, etc.), the best reference for recoverable value and, if appropriate, the highest value, would be value-in-use, which has been calculated taking into consideration the following key assumptions and excluding terminal value:

- Sales of Multi-MW wind turbines (4.5 MW) until 2014 years, with evolution towards sales of 5 MW starting in 2015, to offer competitive wind turbines in a more unfavourable tariff environment.
- Prudent estimate of the selling price based on the actual sales price obtained for the first units sold.
- Discount rate based on the weighted average cost of capital - WACC which is between 9% and 10%.

For these purposes, the effect the pre-agreement concluded with Areva at the start of 2014 has therefore not been taken into account as it relates exclusively with the offshore business, as described in Note 38 Post balance sheet events. Accordingly, GAMESA has estimated fair value taking into consideration the current business plan and there is no significant difference between the carrying value and that fair value.

In accordance with the estimates and projections for the technological life of the model that is available to the Directors of GAMESA, and taking into consideration compliance with the Business Plan 2013-2015, in 2013 no indications of impairment have been detected with respect to the Multi-MW projects in addition to the impairment of specific assets mentioned above and recognized in 2012.

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

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

These sensitivity analyses performed individually for each key assumption would not reveal the existence of any significant additional impairment or the reversal of impairment recognized in prior years.

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

For the rest of the capitalized development expenses that do not relate to the Multi-MW platform, as they relate to improvements to technology is fully in force in accordance with the Business Plan 2013-2015 and reasonable compliance with that plan in 2013, there are no indications of impairment 31 December 2013.

In 2013 and 2012 the main addition to “Development Expenditure” is due to the development in the WTGS manufacturing segment (mainly at the subsidiary Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company), of new WTGS models and to the optimisation of the performance of their components amounting to approximately €53,485 thousand and €52,330 thousand, respectively.

Research and development expenses not capitalised during 2013 totalled EUR 32.5 million (2012: €37.5 million).

Fully amortised intangible assets in use at 31 December 2013 and 2012 amounted to approximately €240,135 thousand and €234,681 thousand, respectively.

At 31 December 2013, GAMESA group had intangible asset purchase commitments amounting to €11,030 thousand (31 December 2012: €14,300 thousand).

10- Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheet in 2013 and 2012 were as follows:

	Thousand euro				
	Land and buildings	**Plant and machinery**	**Other property, plant and equipment**	**Property, plant and equipment under construction**	**Total**
COST					
Balance at 01.01.12	**194,826**	**251,962**	**378,818**	**51,196**	**876,802**
Change in the scope of consolidation (Note 2.g)	64,728	809	16	(665)	64,888
Additions	3,890	24,070	54,901	56,668	139,529
Disposals	(2,419)	(21,223)	(14,456)	-	(38,098)
Differences on exchange	(2,216)	(1,487)	(2,526)	(3,729)	(9,958)
Transfers	17,166	28,315	1,219	(41,414)	5,286
Transfers of items classified as held-for-sale to disposal groups	-	(1,530)	(988)	(194)	(2,712)
Balance at 31.12.12	**275,975**	**280,916**	**416,984**	**61,862**	**1,035,737**
Change in the scope of consolidation (Note 2.g)					
Additions	3,927	19,858	34,181	15,914	73,880
Disposals	(2,287)	(8,124)	(14,601)	(1,518)	(26,530)
Differences on exchange	(5,586)	(5,176)	(7,356)	(2,174)	(20,292)
Transfers	5,618	60,189	(8,640)	(59,320)	(2,153)
Transfers of items classified as held-for-sale to disposal groups	-	-	-	-	-
Balance at 31.12.13	**277,647**	**347,663**	**420,568**	**14,764**	**1,060,642**

	Thousand euro				
	Land and buildings	Plant and machinery	Other property, plant and equipment	Property, plant and equipment under construction	Total
DEPRECIATION					
Balance at 01.01.12	**(43,153)**	**(157,357)**	**(219,169)**	**-**	**(419,679)**
Change in the scope of consolidation (Note 2.g)	(8,399)	(36)	(10)	-	(8,445)
Charge for the year (Note 28.e)	(11,560)	(25,913)	(35,081)	-	(72,554)
Disposals	349	18,136	9,822	-	28,307
Differences on exchange	401	745	1,002	-	2,148
Transfers	-	160	-		160
Transfers of items classified as held-for-sale to disposal groups	-	1,094	656	-	1,750
Balance at 31.12.12	**(62,362)**	**(163,171)**	**(242,780)**	**-**	**(468,313)**
Change in the scope of consolidation (Note 2.g)	-	-	-	-	-
Charge for the year (Note 28.e)	(10,529)	(21,554)	(34,308)	-	(66,391)
Disposals	1,378	4,258	3,904	-	9,540
Differences on exchange	977	2,528	3,206	-	6,711
Transfers	-	1,502	(564)	-	938
Transfers of items classified as held-for-sale to disposal groups	-	-	-	-	-
Balance at 31.12.13	**(70,536)**	**(176,437)**	**(270,542)**	**-**	**(517,515)**
IMPAIRMENT LOSSES					
Balance at 01.01.12	**(1,091)**	**(4,132)**	**-**	**-**	**(5,223)**
Application recognised in the year (Note 2.g)	-	2,307	-	-	2,307
Impairment loss recognised in the year	(29,057)	(55,336)	(75,687)	-	(160,080)
Transfers	-	(4,618)	-	-	(4,618)
Differences on exchange	-	1,147	-	-	1,147
Balance at 31.12.12	**(30,148)**	**(60,632)**	**(75,687)**	**-**	**(166,467)**
Application recognised in the year (Note 2.g)	451	-	-	-	451
Impairment loss recognised in the year	-	(5,972)	(424)	(1,099)	(7,495)
Outcome	730	2,658	1,447	1,099	5,934
Differences on exchange	1,052	910	180	-	2,142
Balance at 31.12.13	**(27,915)**	**(63,036)**	**(74,484)**	**-**	**(165,435)**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT 31.12.12	**183,465**	**57,113**	**98,517**	**61,862**	**400,957**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT 31.12.13	**179,196**	**108,190**	**75,542**	**14,764**	**377,692**

At 31 December 2012 changes in the scope of consolidation of a net total of €56 million related mainly to the entry into consolidation of "Sistemas Energéticos Almodóvar del Rio, S.L." (Note 2.g).

As a result of the measures included in the New Business Plan 2013-2015 (Note 1), and specifically those relating to:

- Adjustment of industrial capacity to demand,
- design and development of new competitive manufacturing processes,
- development of new products and platforms and
- strengthening of the externalisation policies for various components

In 2012 the Gamesa Group recorded the following impairment under the heading "Net asset impairment losses" in the accompanying consolidated income statement at 31 December 2012, all relating to the assets that were included in the WTG manufacturing segment (Note 7) (million euro):

2012	Net carrying value before impairment	Recognized impairment
Installations, moulds and tooling for new processes and the application of other technologies in blade plants	58	58
Closing of industrial plants		
USA	41	16
China	20	20
Europe	2	1
Capacity adjustment	127	27
Low profitability	99	38
TOTAL	**347**	**160**

Installations, moulds and tooling for new processes and the application of other technologies in blade plants

The impairment of installations, moulds and tooling is completely associated with the various R&D processes that have been cancelled and/or become impaired (Note 9), among which is that relating to industrialisation using an automatic blade and mould manufacturing process and other specific assets for the manufacturing of split blades. To calculate this impairment at 31 December 2012 the pre-existing carrying value of specific assets that will no longer be used as a result of the new technological changes arising as a result of the new business plan was used and no residual value is considered to exist based on technical obsolescence.

31 December 2013 no reversal of the recognized provision or the allocation of any additional provision is applicable, since there have been no significant changes in the Group´s strategic lines and, as a result, in its estimates relating to the aforementioned assets.

Closing of industrial plants

Impairment due to the closing of industrial plants consists basically of:

- Industrial plants closed at 31 December 2012: mainly four in China for €20 million.
- The closing of offices, basically in the United States, branches and service centres for €16 million, and the individual impairment is not considered to be significant in any case.

This impairment was calculated by comparing the pre-existing carrying value of all the assets associated with those plants and the recoverable amount of the assets, calculated in accordance with the following:

- The recoverable value of land and buildings on the real estate market based on appraisals prepared for this purpose, less selling costs.
- In the case of the Chinese plants, there is no real estate value for land and buildings since they belong to the State.
- Given that the projected closing of those plants is due to the estimate of the useful lives of those installations, moulds and tooling associated with replacement and externalisation plans, other issues relating to the evolution of products and platforms and the new manufacturing processes, including the fibreglass injection blade manufacturing and the change in the design of the Multi-MW blades, no residual value for these items is considered to exist as they are technologically obsolete.

At 31 December 2013, there have been no significant changes in the real estate market in the affected countries or in strategic plans or the Group´s business and therefore no relevant changes have been revealed with respect to the estimates and provisions recognized at 31 December 2012.

Capacity adjustments

In addition, at the end of 2012 the Group performed an analysis of the impairment test for those plants and assets that continued to be in operation but which were showing indications of impairment, taking into account the reduction of production in the future. Indications of impairment were determined to exist at the Mainstream and Multi-MW blade manufacturing plants, fundamentally in Spain and, residually, in India, as well as other component manufacturing plants in Spain.

These impairment tests took place taking into account projected cash flows over the coming years, bearing in mind a time horizon of 3 years, in line with the activities set out in the Business Plan 2013-1015, annual growth of 1% and the discount rate based on the weighted average cost of capital - WACC - which was between 10% and 11%. The key assumptions used were as follows:

- Units sold in coming years.
- Average revenues per unit.

In accordance with the estimates and projections available to the Directors of GAMESA, the projections of revenue attributable to the fixed assets in Spain associated with the production of Mainstream and Multi-MW blades and other wind turbine components, give rise to the impairment of the value of those assets totalling €18 million.

At 31 December 2013, €11 million in the impairment we can highest at 31 December 2012 associated with the Mainstream blade production has been fully materialized with the definitive closing of certain manufacturing plants in Spain.

For those plans that continue to operate, at the end of 2013 GAMESA updated the impairment tests performed in 2012. Taking into account compliance with the Business Plan 2013-2015, there have been no substantial changes in the estimates and therefore there have been no changes in the recognized impairment.

The update of these impairment test has been based on compliance with the Business Plan 2013-2015 at a general level within the Group, as well as the performance of Company's blade manufacturing plants considered on an individual basis, applying a discount rate based on the weighted average cost of capital - WACC (Note 3.f)

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

- 10% decrease in the number of units sold in coming years.
- 2 % decrease in average revenues per unit.

These sensitivity analyses performed individually for each key assumption would reveal the existence of €6 million in impairment at the end of 2013.

Furthermore, GAMESA has performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would not lead to any substantial change in the impairment recognize that 31 December 2013.

Low profitability

At the end of 2012 the Group performed an analysis of impairment tests applied to operating assets, wind energy plants and photovoltaic plants in Spain, which are activities that form part of the current wind turbine segment and for which indications of impairment had previously been identified based on the circumstances mentioned below.

On 27 December 2012 Law 15/2012 on tax measures for energy sustainability was published and the measures entered into force on 1 January 2013. The law includes a group of tax measures intended to harmonize the tax system with the use of energy resources that is respectful of the environment and sustainability of the electrical system. To this end, it contemplates the creation of new tax concepts that will be applied to the various manifestations of financial capacity associated with the production of electricity including, among other things, a new tax on the value of electricity production.

The new tax on the value of electricity production, which is direct and real, is established for the purpose of obtaining higher tax revenues from the producers of electricity that participate in the various types of trading on the electricity production market.

The tax rate has been set at 7% and it will be applied to the total amount to be received by the taxpayer for the production and entry into the electricity system, measured by plant bars for each installation during the tax period, which as a general rule coincides with a calendar year.

In addition, the regulatory clauses in that law amend the current financial framework for certain renewable energy facilities, excluding the energy relating to fossil fuels produced by facilities that primarily use renewable energies from that financial system and the Ministry of Industry, Energy and Tourism is responsible for preparing the method for calculating this energy.

This regulatory circumstance, as well as the reestimate of relevant asset operation parameters allowed GAMESA to perform an impairment test on those assets. These impairment tests were performed taking into account projected cash flows over the coming years applying a time horizon in accordance with the estimated useful life of the asset, as well as a foreseeable limitation of equivalent production hours in the case of photovoltaic plants entitled to receive a premium from the State (1250 hours) beyond 31 December 2013, the date established by Royal Decree Law 14/2010 (23 December), with a 1% growth rate and a discount rate based on the weighted average cost of capital which was between 9% and 10%. The key assumptions used were as follows:

- MW generated in coming years/Hours of operation.
- Average revenues per MW.
- Operating and maintenance costs (O&M).

In accordance with the estimates and projections available to the Directors of GAMESA, the projections of revenue attributable to the fixed assets gave rise to the impairment of the value of those assets totalling €38 million at 31 December 2012.

On 26 December 2013 the law that ratified the provisions of Royal Decree Law 9ç2013 was published, eliminating the special system and implementing a new compensation system for renewable energy, cogeneration and waste conversion plants. At the date these consolidated annual accounts were prepared the draft enabling regulations for this compensation system had been published (Note 38) GAMESA has updated the impairment test from last year taking into consideration the following aspects:

- Information available regarding the new legislation as currently worded.
- Operating parameters in line with the analysis performed in 2012 with respect to all matters not affected by the new legislation.
- Discount rate based on the weighted average cost of capital - WACC (Note 3.f) of 9% with the consideration that, supplementary to the potential impact of the new legislation, this would be the profitability required by GAMESA from these projects for an efficient distribution of its investment efforts.

Accordingly, in 2013 the Group recognized additional asset impairment totalling €5 million by charging the heading "Net asset impairment losses" in the accompanying consolidated income statement.

Investments during the year: The main additions in 2013 and 2012 were due to the investment in the new plants in India and Brazil, the launch of the G97 blade in all geographic areas and the additions relating to the G10X machine. In addition, in 2013 the investments relating to the launch of the G114 blade are notable:

Finance lease agreements: At 31 December 2012, the GAMESA Group's gross property, plant and equipment included approximately €11,584 thousand relating to the value of various assets of the GAMESA Group held under finance leases, which were classified under the relevant heading on the basis of their nature. The minimum lease payments in this connection at 31 December 2012 were as follows (in thousand euro):

	2012
2012	329
2013 and subsequent	7,675
TOTAL PAYABLE	**8,004**
Financial expense	88
Present value of lease payments	7,916
TOTAL PAYABLE	**8,004**

In 2013, GAMESA exercised the purchase option in the finance leases in force at the end of the preceding year.

Fully depreciated/amortized assets: Fully depreciated items of property, plant and equipment still in use amounted to €302,706 thousand and €300,210 thousand at 31 December 2013 and 2012, respectively. At 31 December 2013 and 2012, most of these items related to moulds and tooling for the manufacture of WTGSs.

Commitments for the purchase of fixed assets: At 31 December 2013, the GAMESA Group companies had property, plant and equipment purchase commitments amounting to approximately €8,540 thousand (2012:€21,450 thousand), relating mainly to production facilities and newly-developed WTGSs and their components.

Insurance coverage: The GAMESA Group takes out insurance policies to adequately insure its property, plant and equipment. Also, GAMESA Group has taken out insurance policies to cover the WTGSs while they are being assembled and during their two-year warranty period.

11- Investments carried under the equity method

The breakdown of the investments in associates of the GAMESA Group at 31 December 2013 and 2012 is as follows:

	Thousand euro			
Company	**2013**		**2012**	
	Acquisition cost	**Impairment**	**Acquisition cost**	**Impairment**
Windar Renovables, S.L. (Note 32)	39,709	-	40,022	-
Worldwater & Solar Technologies, Inc.	30	-	1,949	-
Skybuilt Power, Inc.	-	-	3,903	(3,647)
New Broadband Network Solutions, S.L. (Note 2.g)	75	-	1,942	-
9ren España, S.L. (Note 2.g)	20,000	-	47,072	(21,000)
Other	223	-	217	-
	60,037	**-**	**95,105**	**(24,647)**

The changes in 2013 and 2012 in this heading in the consolidated balance sheet were as follows:

	Thousand euro	
	2013	2012
BEGINNING BALANCE	**70,458**	**47,446**
Changes in the scope of consolidation (Note 2.g)	(111)	48,399
Change in consolidation criteria (Note 2.f)	-	230
Profit for the year	(8,523)	(970)
Impairment loss recognised in the year	-	(24,647)
Other	(1,787)	-
ENDING BALANCE	**60,037**	**70,458**

The heading "Changes in the scope of consolidation" includes:

- The liquidation of the company Skybuilt Power, Inc. in 2013 (Nota 2.g). Given that it was impaired practically 100%, it did not have a significant impact on the consolidated annual accounts at 31 December 2013.
- In 2012, Gamesa acquired 49% of 9Ren España, S.L. (Note 2).

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognized using the equity method at 31 December 2013, classified by accounting policy, is as follows:

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

2013	Thousand euro			
	Windar Renovables, S.L. and Subsidiaries	Worldwater & Solar Technologies, Inc.	New Broadband Network Solutions, S.L.	9Ren España, S.L.
Total revenues	104,996	293	2,551	8,939
Total expenses	(106,380)	(5,350)	(6,282)	(21,330)
Result before taxes	**(1,384)**	**(5,057)**	**(3,731)**	**(12,391)**
Corporate income tax expenses	405	-	-	-
PROFIT (LOSS) AFTER TAX	**(979)**	**(5,057)**	**(3,731)**	**(12,391)**

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognized using the equity method at 31 December 2013, classified by GAMESA's accounting policies, is as follows:

2012	Thousand euro				
	Windar Renovables, S.L. and subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.	New Broadband Network Solutions, S.L.	9Ren España, S.L.
Total non-current assets	46,715	51	53	1,454	19,657
Total current assets	68,915	1,027	797	2,141	60,479
TOTAL ASSETS	**115,630**	**1,078**	**850**	**3,595**	**80,136**
Total net equity	58,716	52	776	2,131	59,726
Total non-current liabilities	12,625	190	-	1,129	1,579
Total current liabilities	44,289	836	74	335	18,831
TOTAL LIABILITIES AND EQUITY	**115,630**	**1,078**	**850**	**3,595**	**80,136**

2012	Miles de euros				
	Windar Renovables, S.L. and subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.	New Broadband Network Solutions, S.L.	9Ren España, S.L.
Total revenues	100,607	879	805	1,249	58,634
Total expenses	(97,915)	(1,498)	(1,565)	(1,559)	(71,640)
Profit before taxes	**2,692**	**(619)**	**(760)**	**(310)**	**(13,006)**
Corporate income tax expenses	(117)	-	-	-	-
PROFIT (LOSS) AFTER TAX	**2,575**	**(619)**	**(760)**	**(310)**	**(13,006)**

Shareholding in Windar Renovables, S.L. and subsidiaries

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

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

If the intention is negative:

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

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

At the end of 2013 and 2012 the Group reviewed and updated the cash flow generation estimates used in the calculations to determine the recoverable amount of the shareholding (calculated using value-in-use), using a discount rate of between 9% and 10% (2012: 9 % and 11%) and a growth rate of 1% (2012: 1%), and there is no indication that the impairment recognised in 2010 is insufficient or excessive.

From a sensitivity analysis point of view, the estimate is that a 50 basis point change in the discount rate used (increase) would give rise to an irrelevant amount of additional impairment in both 2013 and 2012.

Shareholding in 9Ren España, S.L

In 2012, Gamesa acquired 49% of the fair value of the net assets purchased from 9Ren España, S.L. (Note 2). The acquisition agreement includes a limitation on the transfer of shares without the consent of the other party for three years following the date of acquisition and after this time the transfer must have the approval of the other party if the amount sold is less than the full amount and there is a right to preferential acquisition.

Subsequent to its entry into consolidation and based on the amendment of the Business Plan for 9ren España, S.L., mainly due to the decline in the estimated activity in Italy and in Spain as a result of the new legislation governing the photovoltaic sector, Law 15/2012 (27 December) and RDL 2/2013 (12 February) (Notes 10 and 37), Gamesa recognised in the heading “Net impairment losses on financial assets” in the accompanying consolidated income statement at 31 December 2012 an amount totalling €21 million as a measurement adjustment, calculated based on its recoverable value. This recoverable value was calculated on the basis of the cash flow projections that represent the best estimates made by management and the board of Directors covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate equal to 1%. In order to calculate value in use, the assumptions made included the discount rates based on the weighted average cost of capital (WACC), the factors involved in which include the time value of money and the risks associated with the aforementioned investment, which stood at 11%.

The key assumptions used were as follows:

Turnkey solar plant construction activities (EPC):

- Starting in 2012, increase in the MW constructed to 20 MW in 2016.
- Decrease in prices to EUR 1.6 million per installed megawatt in 2016.

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:

Turnkey solar plant construction activities (EPC):

- 5% decrease in MW constructed.
- 5% increase in MW constructed.
- 5% decrease in prices.
- 5% increase in prices.

These sensitivity analyses performed individually for each key assumption would reveal the existence of additional impairment totalling approximately €300 thousand at 31 December 2012 and a decrease in impairment of approximately €400 thousand.

Furthermore, GAMESA performed a sensitivity analysis, consisting of increasing the discount rate by 50 basis points, which would lead to the need to record additional impairment of €500 thousand 31 December 2012.

At 31 December 2013 GAMESA updated the analysis of the recoverable value of the asset, taking into account 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:

- 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.

- Increase in the EBIT margin, attaining a target level of 10%, approximately, in 2018. This is fundamentally due to the improvement in variable costs.

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 impairment.

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

Other shareholdings

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

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

Pursuant to the agreements entered into, GAMESA and the other respective shareholders of the company mutually acknowledged call and put options on the remaining shares of the company. The put option granted to the other shareholders of the aforementioned companies will be exercisable four years after the agreement was entered into and the call option granted to GAMESA will be exercisable five years after the agreement was entered into, and will be valid for two years. The price of the call option and the put option will be determined using two multipliers applied to the earnings of the US company over the twelve months preceding the date on which the option is exercised.

12- Financial instruments by category

a) Composition and breakdown of financial assets

The breakdown of the Group's financial assets at 31 December 2013 and 2012, presented by nature and category for measurement purposes:

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

2012			Thousand euro			
Financial assets: Nature/Category	**Other financial assets at fair value through profit or loss**	**Available-for-sale financial assets (Note 13)**	**Loans and receivables**	**Held-to-maturity investments**	**Hedge derivatives (Note 22)**	**Total**
Derivatives	-	-	-	-	-	-
Other financial assets	-	37,191	3,875	-	-	41,066
LONG-TERM / NON-CURRENT	**-**	**37,191**	**3,875**	**-**	**-**	**41,066**
Equity instruments	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Derivatives	-	-	-	-	4,057	4,057
Other financial assets	-	-	10,965	-	-	10,965
Trade and other receivables	-	-	1,743,666	-	-	1,743,666
SHORT-TERM / CURRENT	**-**	**-**	**1,754,631**	**-**	**4,057**	**1,758,688**
TOTAL	**-**	**37,191**	**1,758,506**	**-**	**4,057**	**1,799,754**

b) Composition and breakdown of financial liabilities

The breakdown of the Group's financial liabilities at 31 December 2013 and 2012, presented by nature and category for measurement purposes:

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

2012		Thousand euro		
Financial liabilities: Nature/Category	**Other financial liabilities at fair value through profit or loss**	**Creditors and payables**	**Hedge derivatives (Note 22)**	**Total**
Bank borrowings	-	1,121,138	-	1,121,138
Derivatives	-	-	4,046	4,046
Other financial liabilities	-	43,059	-	43,059
LONG-TERM DEBTS / NON-CURRENT FINANCIAL LIABILITIES	**-**	**1,164,197**	**4,046**	**1,168,243**
Bank borrowings	-	251,213	-	251,213
Derivatives	-	-	8,524	8,524
Other financial liabilities	-	44,397	-	44,397
Trade and other payables	-	1,906,300	-	1,906,300
SHORT-TERM DEBTS / CURRENT FINANCIAL LIABILITIES	**-**	**2,201,910**	**8,524**	**2,210,434**
TOTAL	**-**	**3,366,107**	**12,570**	**3,378,677**

13- Non-current financial assets

The changes in “Other Intangible Assets” in the consolidated balance sheet in 2013 and 2012 were as follows:

2013				Thousand euro				
	Balance at 31.12.12	**Additions**	**Exchange differences**	**Disposals**	**Transfers**	**Transfers held for sale**	**Changes in scope**	**Balance at 31.12.13**
Derivatives (Note 22)	-	186	-	-	-	-	-	186
Securities portfolio	37,191	1,862	(263)	(414)	398	-	-	38,774
Other non-current financial assets	3,875	222	(161)	(1,016)	(136)	-	(7)	2,777
	41,066	**2,270**	**(424)**	**(1,430)**	**262**	**-**	**(7)**	**41,737**

2012				Thousand euro				
	Balance at 31.12.11	**Additions**	**Exchange differences**	**Disposals**	**Transfers**	**Transfers held for sale**	**Changes in scope**	**Balance at 31.12.12**
Derivatives (Note 22)	28	-	-	-	(28)	-	-	-
Securities portfolio	34,955	3,132	(339)	(156)	-	(401)	-	37,191
Other non-current financial assets	5,889	761	(70)	(737)	(1,872)	(38)	(58)	3,875
	40,872	**3,893**	**(409)**	**(893)**	**(1,900)**	**(439)**	**(58)**	**41,066**

a) Investment securities

The detail of the cost of acquisition of the most representative long-term investment securities at 31 December 2013 and 2012 is as follows:

	31.12.2013 Thousand euro	31.12.2012 Thousand euro	% shareholding at 31.12.13	% shareholding at 31.12.12
Anqiu Taipingshan Wind Power Co. Ltd.	2,219	2,219	10%	10%
CGN Wind Power Co. Ltd.	2,247	2,282	25%	25%
Jianping Shiyingzi Wind Power Co. Ltd.	4,437	4,437	25%	25%
Yishui Tangwangshan Wind Power Co. Ltd.	1,943	1,943	25%	25%
Wendeng Zhangjiachan Wind Power Co. Ltd.	7,651	7,651	39%	40%
Neimenggu Huadian Meiguiying Wind Power Co. Ltd.	10,038	8,979	25%	25%
CGN Changgao Wind Power Co. Ltd	4,318	4,660	25%	25%
Cheng Dingshan	2,421	2,429	25%	25%
Other	3,500	2,591		
	38,774	**37,191**		

In 2013 and prior years the GAMESA Group invested in the share capital of various Chinese companies (wind farms), in general holding ownership interests of 25% to 40% (see Note 2-g). Despite holding ownership interests of more than 20%, GAMESA's directors consider that significant influence does not exist at these companies since there is no power to participate in decisions regarding the financial and operating policies of these companies. In general, GAMESA group participates in the capital of these companies with the sole objective of favouring the granting of the relevant permits for the development of the plants and the construction and sale of wind turbines for those plants. All agreements regarding the acquisition of shareholdings by the Group include a put option for GAMESA with a price based on an evaluation of the net assets relating to the shareholding to be transferred (theoretical book value), prepared by an expert qualified auditor chosen by mutual agreement among the parties and authorized by the relevant governmental agencies. These investments are stated that their acquisition cost.

The remaining financial investments included under "Non-Current Financial Assets - Investment Securities" are recognised at acquisition cost since these companies' shares are not listed on organised markets and their market value cannot be reliably calculated. In any case, the GAMESA Group considers that any difference between the carrying amount and the fair value would not be material.

During 2013 the only significant change was a capital contribution totalling €1,210 thousand in the company Neimenggu Huadian Meiguiying.

b) Other non-current financial assets

The detail of "Other Non-Current Financial Assets" in the consolidated balance sheets at 31 December 2013 and 2012 of the GAMESA Group is as follows:

	Thousand euro			
	31.12.13	31.12.12	Interest rate	Until
Deposits and guarantees provided long term (Note 29.d)	2,759	3,857	Euribor + spread	2015-2018
Other long-term loans	18	18	Euribor + spread	2015
TOTAL	**2,777**	**3,875**		

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

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

14- Inventories

The composition of this heading at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	**2012**
Sales staff	840	1,045
Raw and auxiliary materials	356,374	288,636
Work in progress and finished goods	186,966	358,942
Prepayments to suppliers	46,606	65,679
Inventory write-downs (Note 29.e)	(95,016)	(123,913)
TOTAL	**495,770**	**590,389**

In 2012 the Gamesa Group recorded the following impairment under the heading "Change in the provision due to inventory depreciation" in the accompanying consolidated income statement for 2012 (Note 29.e).

	Movements in 2012 (Note 29.e)
Technological changes planned in the new business plan	36
Decline in the activity and increase in the reliability of the wind turbines	19
Low profitability	28
Reversal of provisions for process improvements	(6)
TOTAL	**77**

Changes in technology and decline in the activity and increase in the reliability of the wind turbines

The restructuring process started in 2012 by Gamesa Group established that one of its fundamental pillars is a new model for reducing inventory in progress and finished products, optimisation of raw materials and the optimisation of the inventories associated with Operations and Maintenance (Note 1). In addition, there were plans to close plants and warehouses that would allow production capacity to be adjusted and will direct the business towards new processes, new products and the externalisation of the production of several components will increase. This will take place within the framework of weak demand expected in at least the short and medium term.

In the aforementioned context, an evaluation of the net realisable value of inventories was carried out at the year-end. As a result of this analysis, a provision for inventories was recorded in accordance with the following:

- Due to changes in technology. As a result of the changes in technology set out in the new Business Plan, inventories with no indication of impairment in years prior to 2012 have been identified, but which relate to abandoned or residual models in the new business plan and therefore the group restated its expected rotation based on these new lines of business and, accordingly, recognised a provision totalling €36 million.

- Decrease in the planned activity: As a result in the decline in projected activity of approximately 50% in the new business plan compared with the plan in force in 2011, together with the improvements already obtained with certain wind turbine models, the expected consumption of inventories in the service area declined significantly and therefore an additional provision totalling €19 million has been recorded based on expected consumption.

In 2013 there were no changes in the Group's estimates.

Low profitability

In addition, and once taking into consideration the new strategic orientation of the new energy business model published in the New Business Plan 2013-2015 (note 1) and the impact that the new tax on electricity production could have at that date (Note 10), an in-depth analysis was carried out at 31 December 2012 to determine the net realisable value of the capitalised costs classified as inventories and which include the costs relating to various projects for the promotion of wind energy plants in progress and for which the activity has not been interrupted (Note 37). The measurement adjustment recorded in 2012 totalled €28 million, and the most significant impacts were as follows:

- €16 million for costs associated with wind energy plant development in Spain (€11 million) and Greece (€5 million), in which GAMESA calculated the internal profitability rate associated with these projects, in accordance with their value-in-use and taking into consideration the total investments to be made for their launch. In those cases in which the expected profitability of a project is less than 9% and 16%, which are considered to be the target levels for wind projects in Spain and Greece, respectively, all of the costs already incurred in these projects, fundamentally for permits and licences, have been fully impaired. This decision was based on the high degree of uncertainty currently existing with respect to the evolution of investments in the future as a result of current legislation in force at the end of 2012 and the absence, as a result, of an active market that allows these investments to be assumed at low profit levels.

- €4 million for projects for which the necessary environmental licences for construction have not been obtained.

- At 31 December 2013 the profitability of the aforementioned wind energy plants was re-estimated and there were no significant changes in the impairment recognized at 31 December 2012. However, in 2013 costs associated with development projects were impaired by €8 million, fundamentally due to regulatory changes outside of Spain or the rejection of environmental processes.

- EUR 7 million relating to 2 wind energy plants in operation in 2012 with an original cost of EUR 15 million. This impairment was calculated based on their fair value less selling costs, which were estimated using market condition non-binding bids received by GAMESA at the end of the year from unrelated parties that are interested and duly informed or, alternatively using the value-in-use calculation based on the estimate of future cash flows discounted at 10% and using a growth rate of 1%, and both values do not significantly differ.

  In 2013 GAMESA sold the 2 aforementioned plants and obtained immaterial capital gains.

  The change in the provision and 31 December 2013 with respect to 2012 mainly relates to provisions applied to their intended purpose.

- At 31 December 2013 and 2012, there were no inventories provided to secure the payment of debts or in relation to any other obligations to third parties.

15- Trade and other receivables

The detail of “Trade and Other Receivables” in the consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	2012
Trade and other receivables	588,676	1,057,294
Construction contract receivables (Notes 3.b and 17)	355,692	418,754
Impairment due to uncollectible receivables	(15,500)	(22,940)
TOTAL TRADE AND OTHER RECEIVABLES	**928,868**	**1,453,108**

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

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

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

Currency	Equivalent value in thousand euro	
	2013	2012
Moroccan dirham	6,705	7,881
US dollar	145,859	85,606
Romanian Lev	224	3,123
Egyptian pounds	18,218	9,594
Chinese yuan	71,433	84,098
Polish zloty	255	1,562
Indian rupees	167,667	49,336
Brazilian real	254,817	200,625
Mexican peso	11,627	97,864
Other currencies	8,009	604
TOTAL	**684,814**	**540,293**

Movements in the provision for the impairment of the value of the Group's trade and other receivables were as follows (thousand euro):

	2013	2012
1 January	22,940	9,149
Provision of the impairment of the value of receivables	-	5,262
Receivables written off	(5,073)	(479)
Reversal of unused amounts	(2,230)	(267)
Transfers	-	11,275
Transfers of items classified as held-for-sale to disposal groups	-	(1,795)
Exchange differences	(137)	(205)
AT 31 DECEMBER	**15,500**	**22,940**

16- Cash and other cash equivalents

The breakdown of “Cash and Cash Equivalents” in the accompanying consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	**2012**
Cash in euros	317,557	358,666
Cash in foreign currency (Note 3.l)	261,608	333,359
Liquid assets maturing in less than three months	314,435	223,431
TOTAL	**893,600**	**915,456**

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

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

The amount of revenue (variation in the stage of completion resulting from sales recognised by reference to the stage of completion) on the firm WTGS and wind farm sales contracts which at 31 December met the requirements indicated in Note 3-b for the application of the percentage of completion method in 2013 and 2012 increased by €323,270 thousand and decreased by €463,436 thousand, respectively, and are recognised under “Revenue” in the consolidated income statements for 2013 and 2012, respectively. For uncompleted contracts at 31 December 2013, the cumulative amount of costs incurred and revenues recognised until that date amounted to €1,633,882 thousand (€1,357,418 thousand for uncompleted contracts at 31 December 2012).

The amount of ordinary revenue (change in the degree of completion of sales based on a completion basis) from firm wind energy plant sales contracts that at 31 December have the characteristics indicated in Note 3.b to apply the degree of completion criteria in 2013 and 2012 that were recorded under the heading "Profit/(loss) on discontinued operations" (Note 37) do not have an impact on 2013 and represent a decrease totalling €70,136 thousand in 2012. In addition, there are no contracts in progress at 31 December 2012 and 2013 and therefore there is no accumulated amount of incurred costs or expenses recognized to date (Note 15).

Accounts receivable from contract customers for sales recognised by reference to the stage of completion included under “Trade and Other Receivables”, net of the advances received at 31 December 2013, amounted to €355,692 thousand (31 December 2012:€418,754 thousand). Discontinued operations (Note 37) record no receivables from contracted sales under the degree of completion system, net of prepayments received at 31 December 2012 and 2013.

Accounts receivable from contract customers for sales recognised by reference to the stage of completion included under “Trade Receivables from Related Companies”, net of the advances received (Note 32) at 31 December 2013, amounted to €56,017 thousand (31 December 2012:€15,730 thousand). Discontinued operations (Note 37) record no receivables from contracted sales under the degree of completion system at 31 December 2013 and 2012.

18- Equity of the Parent Company

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 18.e.

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.

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

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The structure of the Group's capital includes financial debt, cash and cash equivalents (see Note 16) and the equity of the Parent, which includes capital and reserves.

At 31 December 2013, the GAMESA Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent was 41.51% (31 December 2012: 48.91%).

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

	Thousand euro	
	2013	**2012**
Non-current liabilities		
Bank borrowings and other non-current liabilities on loans that do not have to be repaid (Note 21 and Note 24)	568,956	1,156,732
Current liabilities		
Bank borrowings and other current liabilities on loans that do not have to be repaid (Note 21 and Note 24)	745,000	258,017
Total bank borrowings	**1,313,956**	**1,414,749**
Cash and other cash equivalents (Note 16)	**893,600**	**915,456**
Bank borrowings net of cash	**420,356**	**499,293**
TOTAL EQUITY OF THE PARENT	**1,012,734**	**1,020,783**
PROPORTION OF DEBT (NET OF CASH) AND EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**41.51%**	**48.91%**

b) Share premium

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

c) Unrealised asset and liability revaluation reserve

The changes in this reserve in 2013 and 2012 were as follows:

	Thousand euro						
	31.12.11	**Change in fair value**	**Taken to profit and loss**	**31.12.12**	**Change in fair value**	**Taken to profit and loss**	**31.12.13**
Cash flow hedges:							
Interest rate swaps (Note 22)	(8,070)	(8,238)	8,630	(7,678)	676	4,422	(2,580)
Currency forwards (Note 22)	8,982	(9,476)	-	(494)	3,493	-	2,999
	912	(17,714)	8,630	(8,172)	4,169	4,422	419
Deferred taxes due to the remeasurement of unrealised assets and liabilities (Note 25)	(210)	5,511	(2,803)	2,498	(1,369)	(1,360)	(231)
TOTAL	**702**	**(12,203)**	**5,827**	**(5,674)**	**2,800**	**3,062**	**188**

d) Other reserves

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

	Thousand euro	
	2013	**2012**
RESTRICTED RESERVES		
Legal reserve	8,408	8,408
Revaluation reserve	-	-
Reserve for redenomination of capital in euros	1	1
Reserve for treasury shares	21,340	7,157
	29,749	**15,566**
VOLUNTARY RESERVES	**(88,136)**	**363,605**
RESERVES ATTRIBUTABLE TO THE CONSOLIDATED COMPANIES	**898,274**	**1,106,225**
Reserves for companies consolidated using the equity method (Note 11)	(20,809)	4,808
Reserves of proportionately consolidated companies	-	-
Reserves of fully consolidated companies	919,083	1,101,417
TOTAL RESERVES	**839,887**	**1,485,396**

Legal reserve

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

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose. At the 2013 and 2012 year-end the legal reserve had not reached the stipulated level.

Revaluation reserve Álava Regulation 4/1997 (see Note 10)

The “Revaluation Reserve” account reflects the net effect of the asset revaluation approved by Álava Regulation 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 all of the remaining balance of €461 thousand to increase share capital, pursuant to the resolution adopted by the shareholders at the Annual General Meeting, as described in Note 18.a.

e) Treasury shares

The detail of the total number of treasury shares and of the heading “Equity - Of the Parent - Treasury Shares”, and of the changes therein as a result of the transactions performed in 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 "Equity of the Parent - Reserves - Other reserves" in the consolidated 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 "Equity of the Parent - Reserves - Other reserves" in the consolidated balance sheet

2011-2013 Incentive Plan

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 €648 thousand under "Personnel expenses" in the income statement for 2013 (2012: €1,505 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 €3.9 million. The total effective cost (understood to be the fair value or real cost at the time of settlement), obtained by reference to the listed price of the equity instruments to be delivered to the beneficiaries at the settlement date totalled approximately EUR 1,084 thousand, and it was finally disbursed in full in cash.

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 €551 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 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.

In accordance with IFRS 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 €2,332 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 €4,710 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.

19- Minority shareholdings

The detail of "Equity - Of Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Thousand euro
Balance at 1 January 2012	**6,948**
Profit for the year	141
Compass Transworld Logistics, S.L. dividend	(714)
Exchange differences	23
Acquired companies (Note 2.g)	-
Share capital increases and reductions	1,388
Other changes	106
Balance at 31 December 2012	**7,892**
Profit for the year	1,204
Dividends	(988)
Exchange differences	-
Changes in the scope of consolidation (Note 2.g)	(3,134)
Acquired companies (Note 2.g)	12
Other changes	(62)
BALANCE AT 31 DECEMBER 2013	**4,924**

20- Differences on exchange

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

The balances at 1 April 2013 classified as permanent net foreign investments were as follows:

Location of the subsidiaries	Million euros
United States	178
India	89
Brazil	113
United Kingdom	16
Other	42
	438

At the end of 2013 the Group proceeded to formally capitalize €178 million in the United States and €33 million in India. The Group's intention is to proceed with the formal capitalization of the rest of the balance is classified as net permanent foreign investments in 2014.

21- Borrowings

Bank borrowings in the accompanying consolidated balance sheet and the related contractual flows (including interest) without any discount at 31 December 2013 and 2012, as well as the maturity dates, are as follows:

			Debts at 31 December 2013 maturing at						
			Short Long-term	Non-current					
	Carrying value Balance at 31.12.2013	Balance at 31.12.2013 (*)	2014	2015	2016	2017	2018	2019 and Subsequent years	Total Non-current
Accrued interest not paid	4,654	4,654	4,654	-	-	-	-	-	-
Loans	1,131,799	1,240,334	640,363	61,436	20,226	20,211	169,155	328,943	599,971
Payables for loan draw downs	5,562	5,659	5,659	-	-	-	-	-	-
Payables for discounted bills	9,214	9,375	9,375	-	-	-	-	-	-
EURO LOANS	**1,151,229**	**1,260,022**	**660,051**	**61,436**	**20,226**	**20,211**	**169,155**	**328,943**	**599,971**
US dollar	85,942	87,476	86,592	749	135	-	-	-	884
Indian rupees	17,859	18,171	18,171	-	-	-	-	-	-
Other	6,273	6,383	6,383	-	-	-	-	-	-
LOANS AND CREDIT FACILITIES DENOMINATED IN FOREIGN CURRENCY (NOTE 3.L)	**110,074**	**112,030**	**111,146**	**749**	**135**	**-**	**-**	**-**	**884**
TOTAL	**1,261,303**	**1,372,052**	**771,197**	**62,185**	**20,361**	**20,211**	**169,155**	**328,943**	**600,855**

			Debts at 31 December 2012 maturing at						
			Short Long-term	Non-current					
	Carrying value Balance at 31.12.2012	Balance at 31.12.2012 (*)	2013	2014	2015	2016	2017	2018 and Subsequent years	Total Non-current
Accrued interest not paid	4,959	4,959	4,959	-	-	-	-	-	-
Loans	918,584	1,013,249	94,597	490,021	54,189	159,339	6,805	208,298	918,652
Equity swaps (Note 18-e)	1,816	1,816	1,816	-	-	-	-	-	-
Payables for loan draw downs	25,230	25,656	25,656	-	-	-	-	-	-
Payables for discounted bills	23,459	23,855	23,855	-	-	-	-	-	-
EURO LOANS	**974,048**	**1,069,535**	**150,883**	**490,021**	**54,189**	**159,339**	**6,805**	**208,298**	**918,652**
US dollar	252,406	273,848	10,374	127,800	4,511	131,163	-	-	263,474
Indian rupees	99,423	102,776	90,288	372	372	2,160	2,098	7,486	12,488
Chinese yuan	13,000	13,220	13,220	-	-	-	-	-	-
Other	33,474	34,039	34,039	-	-	-	-	-	-
LOANS AND CREDIT FACILITIES DENOMINATED IN FOREIGN CURRENCY (NOTE 3.L)	**398,303**	**423,883**	**147,921**	**128,172**	**4,883**	**133,323**	**2,098**	**7,486**	**275,962**
TOTAL	**1,372,351**	**1,493,418**	**298,804**	**618,193**	**59,072**	**292,662**	**8,903**	**215,784**	**1,194,614**

(*) The information regarding the maturity dates for bank borrowings in the accompanying tables differs from the amounts included in the consolidated balance sheet because the accompanying information is based on contractual flows without any discount while the bank borrowings in the consolidated balance sheet are recognised at amortised cost using the effective interest rate method.

On 16 December 2004, Gamesa Corporación Tecnológica, S.A. obtained a loan from the European Investment Bank for the project called Gamesa Wind Power RDI. This loans will be drawn down in two tranches: EUR 150,000 thousand and EUR 80,000 thousand, respectively. On 20 December 2005, Gamesa Eólica, S.L. Unipersonal (indirectly wholly owned by Gamesa Corporación Tecnológica, S.A.) subrogated to the contractual position of Gamesa Corporación Tecnológica, S.A. As a result of that subrogation process a guarantee was provided to the European Investment Bank consisting of the pledge of Tranche D of the syndicated loan for the amount of the debt. At the end of 2013, Gamesa Eólica S.L. Unipersonal owes €49,285 thousand on the syndicated loan (€86,940 thousand at 31 December 2012).

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 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 31 December 2013 to talks €588 million (2012: €920 million euros).

On 29 June 2012, Wind Energy Construction Holdings I, LLC. concluded a loan agreement for USD 250 million to finance the construction of two wind energy plants in the United States. The Company partially repaid this loan (USD 13.4 million) on 9 October 2012, and it was fully repaid on 9 December 2012. This loan accrued interest at a rate indexed to the LIBOR plus a market spread.

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.

At 31 December 2013, the GAMESA Group had been granted loans and undrawn credit facilities that accounted for 34.06% (31 December 2012: 38.16 %) of the total financing granted to it, which mature between 2014 and 2020 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at 31 December 2013 and 2012 bore annual weighted average interest at approximately 3.49 % and 4.22%, respectively, at that date.

At 31 December 2013 the Consolidated Group companies had loan agreements totalling €588 million (2012: EUR 920 million) and EUR 460 million (2012: €200 million), which establish certain obligations, among which compliance with two financial ratios throughout the life of the agreement is notable and relate the capacity to generate resources from operations to the debt level and financial charges. Also, they establish certain limits on the arrangement of additional borrowings or obligations and on the distribution of dividends, as well as other additional conditions. Failure to meet these contractual conditions would enable the banks to demand early repayment of the related amounts. The Directors of GAMESA consider that the financial ratios established in the loan and commercial credit agreements are met at 31 December 2013 and they will continue to be met in the future during the normal course of business. Specifically, for the purposes of the calculation of the aforementioned ratios and in accordance with Clause 17.25 of the syndicated loan agreement, and consistent with prior years, the asset impairment losses, allocations to trade provisions for operations or losses on discontinued operations do not reduce EBITDA.

At 31 December 2013 and 2012, the GAMESA Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 22.

The fair value, taking into consideration the counterparty credit risk, of bank borrowings at 31 December 2013 and 2012 is similar to the carrying value since the debt is subject to variable interest rates and accrues market spreads (Note 3.h).

The sensitivity of the market value of bank borrowings based on the position to interest rate changes at 31 December 2013 and 2012 is as follows:

	Thousand euro Interest rate change			
	2013		2012	
	+0,25%	-0,25%	+ 0,25%	- 0,25%
CHANGE IN THE VALUE OF THE DEBT	**1,595**	**(1,595)**	**1,870**	**(1,870)**

The sensitivity of the market value of foreign currency bank borrowings based on the position to exchange rate and interest rate changes at 31 December 2013 and 2012 is as follows:

	Thousand euro							
	2013				2012			
	Change in interest rates		Changes in exchange rate (EUR/foreign currency)		Change in interest rates		Changes in exchange rate (EUR/foreign currency)	
CHANGE IN THE VALUE OF THE DEBT	**+0,25%**	**-0,25%**	**+ 5%**	**- 5%**	**+ 0,25%**	**- 0,25%**	**+ 5%**	**- 5%**
US dollar	409	(409)	53	(58)	568	(568)	12,019	(13,285)
Chinese yuan	20	(20)	-	-	207	(207)	619	(684)
Brazilian real	41	(41)	-	-	48	(48)	1,277	(1,411)
Swedish krona	16	(16)	299	(330)	-	-	317	(351)
Indian rupees	205	(205)	850	(940)	48	(48)	6,083	(6,723)

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

22- Derivative financial instruments

The GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the revaluation of derivatives in the consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousand euro							
	2013				2012			
	Current		Non-current		Current		Non-current	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INTEREST RATE HEDGES:								
Cash flow hedges:								
Interest rate swaps	41	1,643	186	1,164	-	5,079	-	2,599
FOREIGN CURRENCY HEDGES:								
Cash flow hedges:								
Exchange insurance	11,394	8,395	-	-	761	1,255	-	-
Fair value hedge:								
Exchange insurance	8,144	149			3,296	2,190	-	1,447
	19,579	**10,187**	**186**	**1,164**	**4,057**	**8,524**	**-**	**4,046**

In 2013 and 2012, to offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group recognised an expense of €4,422 thousand (2012: €8,630 thousand) under "Finance Costs" in the consolidated income statement for 2013 (Note 29.g), with a credit to "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" (see Note 18.c), under which they had previously been classified.

The GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, GAMESA Group designates hedges for the exchange rate risk deriving from certain intragroup monetary transactions carried out by companies with different functional currencies. These hedging transactions mature in 2014. At 31 December 2013 and 2012 the total nominal value covered by exchange rate hedges is as follows:

Currency	**Thousand euro**	
	2013	**2012**
US dollar	149,277	196,953
Chinese yuan	135,098	43,345
Brazilian real	22,402	-
Polish zloty	3,483	656
Indian rupees	36,447	71,916
Mexican peso	13,006	-
Pound sterling	-	4,054

Also, the GAMESA Group arranges interest rate hedges in order to mitigate the effect of interest rate fluctuations on future cash flows from loans tied to floating interest rates. At 31 December 2013 and 2012, the nominal value of the liabilities hedged by interest rate hedges amounted to €389,582 thousand and €391,541 thousand, respectively.

The main features of the cash flow hedges are as follows:

2013	**Estimated period of cash flows**	
	2014	**2015 and Subsequent years**
Interest rates (EURIBOR)	346,286	-
Interest rates (LIBOR)	43,296	-

No ineffectiveness has been detected in the hedges designated by GAMESA Group in 2013 and 2012.

Credit risk

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

	2013		2012	
	Thousand euro	**%**	**Thousand euro**	**%**
BY GEOGRAPHICAL AREA:				
Spain	15,506	78.5%	2,429	59.9%
Other European Union countries	1,352	6.8%	391	9.6%
Rest of the world	2,907	14.7%	1,237	30.5%
	19,765	**100.0%**	**4,057**	**100.0%**
BY COUNTERPARTY:				
Credit institutions	19,765	100.0%	4,057	100.0%
	19,765	**100.0%**	**4,057**	**100.0%**

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

	2013		2012	
	Thousand euro	**%**	**Thousand euro**	**%**
Risks classified as A+	-	-	183	4.51%
Risks rated A	-	-	1,628	40.13%
Risks rated A-	5,124	25.93%	-	-
Risks rated BBB+	161	0.82%	-	-
Risks rated BBB	1,427	7.22%	225	5.56%
Risks rated BBB-	12,862	65.08%	2,021	49.80%
Risks rated BB	8	0.04%	-	-
Risks rated BB-	183	0.91%	-	-
	19,765	**100%**	**4,057**	**100%**

Market risk

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

	Thousand euro Interest rate change			
	2013		2012	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the hedge	(6)	6	(19)	19

	Thousand euro Percentage change in exchange rates			
	2013		2012	
	+ 5%	- 5%	+ 5%	- 5%
Change in the value of the hedge	(550)	550	(42)	42

23- Provisions for liabilities and charges

The detail of "Provisions for Contingencies and Charges" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Provisions for litigation, litigation, termination benefits, taxes and similar	Provisions for warranties	Provisions for contracts reflecting losses	Provisions for restructuring	Total provisions
Balance at 1 January 2012	**12,149**	**229,596**	**-**	**-**	**241,745**
Appropriations charged to income statement (Notes 29.e and 29.c)	48,722	182,598	15,183	32,615	279,118
Changes in the scope of consolidation (Note 2-g)	(5)	243	-	-	238
Transfers to current items	-	-	-	-	-
Transfers of items classified as held-for-sale to disposal groups	-	(479)	-	-	(479)
Reversal due to excess provisions (Note 29.e)	(17)	(10,061)	-	-	(10,078)
Provisions used for their intended purpose	(472)	(124,921)	-	(23,621)	(149,014)
Differences on exchange	-	(2,274)	-	-	(2,274)
Balance at 31 December 2012	**60,377**	**274,702**	**15,183**	**8,994**	**359,256**
Period provisions charged to income statement (Notes 29.e and 29.c)	5,161	95,363	-	6,918	107,442
Transfers to current items	(30,261)	27,558	-	-	(2,703)
Transfers of items classified as held-for-sale to disposal groups	-	-	-	-	-
Reversal due to excess provisions (Note 29.e)	-	(33,669)	-	-	(33,669)
Provisions used for their intended purpose	(8,563)	(132,133)	(11,373)	(15,912)	(167,981)
Differences on exchange	-	(9,775)	-	-	(9,775)
BALANCE AT 31 DECEMBER 2013	**26,714**	**222,046**	**3,810**	**-**	**252,570**

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

Litigation, termination benefits, taxes and similar

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

During 2012 the Group recorded a provision totalling approximately €48.7 million. The most significant movements in this provision in 2013 are as follows:

- During the second half of 2012 a provision was recorded for the execution of the guarantee for the cancellation of a contract as a result of the investment restrictions established on a European level and based on a court judgement in the second half of 2012 handed down in this respect and favourable to the execution of the guarantee. During 2013 the proceedings remained open until January 2014 when a judgment favourable to GAMESA was handed down. In December 2013 the Mercantile Court in Barcelona issued a judgment relating to other litigation rejecting the evidentiary power of all of the expert reports provided by GAMESA and not admitting the opinion of the court-appointed designated expert, denies the action filed to nullify a patents and accepted all of the arguments from the plaintiff and sentenced the defendants (subsidiaries of GAMESA) to pay indemnities. The resolution of both litigation actions have not had an impact on the provision at 31 December 2013.

- During 2012 several problems were identified at a plant owned by the customer after which negotiations were established to reach a commercial agreement and the customer filed an arbitration claim for which the relevant provision was recorded at the end of 2012. In 2013 the arbitration decision was reached and called for the parties to hold negotiations based on the obligation on the part of GAMESA to take care of, on an exclusive basis, any problems that arise at the customer's plant. Accordingly, the provision for this item has been transferred to warranty provisions as it is now considered to be an operating risk.

Provisions for guarantees

The provision for warranties relates basically to the possible repair and start-up expenses which should be covered by the Group during the warranty period established in each WTGS sale agreement (generally two years). The decrease in this provision mainly derives from the decline in the MW under warranty as a result of the decline in activity during the 2013 and 2012 (which gives rise to fewer MW under warranties) and the end of warranty periods for the energy plants delivered in prior years.

Other non-recurring provisions for guarantees

As a result of several factors, including customer claims exclusively affecting the Group's operating activities, which fundamentally arose during the second half of 2012, during the year a multidisciplinary team was created to identify solutions for the various specific problems that are the responsibility of GAMESA, and extraordinary factors affecting energy plants. The working team that was created in September 2012 is also charged with leading the organization and correcting it with respect to the searching for solutions to the customer claims, therefore pursuing the optimization of customer management.

The solutions to these problems have been developed using various initiatives called "Special Projects", whose estimated financial quantification is not covered by the ordinary provision for warranties.

In the foregoing context, several action plans have been established and are intended to:

- Develop technical preventive and corrective solutions to be implemented once the business decision has been taken.
- Development of new knowledge to optimize the repair techniques to be implemented.
- Development of new inspection and incident detection methods or improvement of the current method.
- Classification of the various types of problems to allow resolving them to be more agile.
- Specification of manufacturing containment and correction action involving components delivered by suppliers and/or in the fleet (the affected population).
- Contracting of external companies to make final resolution more agile.
- Increase the training of energy plant maintenance personnel.

The aforementioned issues gave rise to negotiations with the affected customers starting in the second half of 2012 and during 2013, which ended in:

- Agreements to apply corrective measures.
- Increases of guarantees.
- Commitment letters to jointly agree to the solution for the problems and pending work to be performed.
- New maintenance contracts,

As a result of the commitment acquired with the aforementioned customers and taking into consideration the arbitration claim from a customer that was resolved in 2013, as is explained above, the Group recorded a net reversal in the heading "Provisions for warranties" totalling €14 million (allocation of €73 million in 2012). The balance pending payment at the end of 2013 totalling €47 million (€66 million in 2012) takes into consideration the present obligation deriving from subsequent contracts and agreements with customers to be applied over the next 3 years, mainly to cover the cost of replacement or the repair costs within the execution deadlines agreed with the customers based on the solutions identified by the multidisciplinary group created for this purpose.

All of the above means that at the end of 2013 and 2012 a reasoned estimate of the cost must be made based on technical reports regarding the solutions and a plan for implementing them. This will specify the future payments that the resolution of these issues could represent.

Contracts reflecting losses

On 10 October 2012, GAMESA concluded a framework agreement for the supply of 4.5 MW wind turbines in Finland in 2013 and 2014. At 31 December 2012 the estimation was that the total cost would exceed the revenues obtained from the contract and therefore, in accordance with the accounting policy described in Note 3.b), a provision has been recorded for liabilities and charges totalling €15 million under the heading "Change in provisions for contracts reflecting losses" in the consolidated income statement for 2012 (Note 29.e).

During 2013 €11.3 million was applied for this purpose, and a provision pending application totalling €3.8 million remains and it will be applied in 2014.

Restructuring

As is mentioned in Note 1, Gamesa launched a new Business Plan 2013-2015 which contemplates the rationalization of fixed expenses by reducing the payroll to allow the size of its structure to be in line with the market situation and without inefficiencies, as well as the closing of offices, branches and service centres. In this context, in 2012 GAMESA has recognized personnel restructuring costs when they have been formally informed of this decision in 2012, totalling €32.6 million (Note to 29.c). This provision was applied in full in 2013 and there were no significant differences between the estimate made at the end of 2012 and the actual application in 2013.

24- Other non-current liabilities

The detail of "Other Non-Current Liabilities" in the accompanying consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	31.12.13	31.12.12
Refundable advances	45,188	35,594
Non-current advances from customers	3,290	3,290
Other non-current liabilities	5,244	4,175
TOTAL	**53,722**	**43,059**

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

	Prepayments refundable at 31 December 2013 maturing at							
		Short Term	Non-current					
	Balance at 31.12.2013	2014	2015	2016	2017	2018	2019 and later	Total long term
PREPAYMENTS REFUNDABLE	**52,653**	**7,465**	**3,194**	**5,802**	**6,336**	**6,328**	**23,528**	**45,188**

	Prepayments refundable at 31 December 2012 maturing at							
		Short Term	Non-current					
	Balance at 31.12.2012	2013	2014	2015	2016	2017	2018 and later	Total long term
PREPAYMENTS REFUNDABLE	**42,398**	**6,804**	**2,362**	**4,529**	**4,512**	**4,268**	**19,923**	**35,594**

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

25- Deferred taxes

The detail of "Deferred Tax Assets" and "Deferred Tax Liabilities" in the accompanying consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Thousand euro						
	31.12.12	**Allocation and/or credit (charge) to income (Note 27)**	**Credit (charge) to asset and liability revaluation reserve**	**Differences on exchange**	**Transfers to Assets held for sale**	**Disposals/ Excluded from consolidation**	**31.12.13**
DEFERRED TAX ASSETS:							
Revaluation of derivative financial instruments (Note 22)	2,726	-	807	(42)	-	-	3,491
Tax loss carryforwards	59,230	94,501	-	(1,434)	-	-	152,297
Unused tax credits recognised	126,010	11,013		-	-	-	137,023
Temporary differences	159,552	(69,291)		(3,711)	-	-	86,550
	347,518	**36,223**	**807**	**(5,187)**	**-**	**-**	**379,361**
DEFERRED TAX LIABILITIES:							
Deductible goodwill	(36,621)	(900)	-	-	-	-	(37,521)
Revaluation of derivative financial instruments (Note 22)	(228)	-	(3,494)	-	-	-	(3,722)
Temporary differences	(20,365)	(25,367)	-	593	-	5,150	(39,989)
	(57,214)	**(26,267)**	**(3,494)**	**593**	**-**	**5,150**	**(81,232)**
NET	**290,304**	**9,956**	**(2,687)**	**(4,594)**	**-**	**5,150**	**298,129**

	Thousand euro						
	31.12.11	**Allocation and/or credit (charge) to income (Note 27)**	**Credit (charge) to asset and liability revaluation reserve**	**Differences on exchange**	**Transfers to Assets held for sale**	**Disposals/ Excluded from consolidation**	**31.12.12**
DEFERRED TAX ASSETS:							
Revaluation of derivative financial instruments (Note 22)	3,460	-	(761)	27	-	-	2,726
Tax loss carryforwards	24,650	34,568	-	12	-	-	59,230
Unused tax credits recognised	106,034	19,976	-	-	-	-	126,010
Temporary differences	121,115	40,006	-	(350)	(1,219)	-	159,552
	255,259	**94,550**	**(761)**	**(311)**	**(1,219)**	**-**	**347,518**
DEFERRED TAX LIABILITIES:							
Deductible goodwill	(36,501)	(120)	-	-	-	-	(36,621)
Revaluation of derivative financial instruments (Note 22)	(3,670)	-	3,442	-	-	-	(228)
Temporary differences	(44,146)	18,416	-	-	215	5,150	(20,365)
	(84,317)	**18,296**	**3,442**	**-**	**215**	**5,150**	**(57,214)**
NET	**170,942**	**112,846**	**2,681**	**(311)**	**(1,004)**	**5,150**	**290,304**

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

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

	2013	2012
Provisions for liabilities and charges and other provisions	34,633	35,940
Impairment of property, plant and equipment	1,477	76,450
Finance cost	11,394	7,447
Other temporary differences	39,046	39,715
	86,550	**159,552**

The main change in the tax effect of the temporary differences on the asset side relate mainly to the consideration of the impairment provisions for intangible assets and property, plant and equipment as a temporary difference in estimate corporate income tax for 2012, while in the settlement of the definitive corporate income tax for that year consider the provisions to be tax-deductible and therefore generated a higher negative tax base. There has therefore been a transfer of prepaid taxes due to temporary differences to tax-loss carry forwards without generating any impact whatsoever on the accompanying consolidated income statement.

26- Public administrations

The Parent Company has its domicile for tax purposes in Bizkaia, and the tax legislation applicable to 2013 and 2012 is that in force in the Historic Territory of Bizkaia.

The detail of “Current Assets – Tax Receivables” and “Other Payables – Tax Payables” on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousand euro	
	2013	**2012**
TAX RECEIVABLES		
VAT refundable	230,035	152,880
Tax withholdings and interim payments made	22,612	6,886
VAT refunds receivable and other	144,994	119,754
Grants receivable	12,744	16,641
	410,385	**296,161**

	Thousand euro	
	2013	**2012**
TAX PAYABLES		
VAT payable	251,797	185,058
Withholdings payable	4,193	8,568
Corporate income tax payable	18,192	7,382
Other taxes payable	3,436	3,607
Social Security	3,302	5,619
	280,920	**210,234**

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 12/1993 (19 November) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group and its subsidiaries:

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

27- Income tax expense (income)

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

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

In 2010 the subsidiaries Gamesa Eólica, S.L. (Sole-Shareholder Company), Gamesa Innovation and Technology, S.L. and Estructuras Metálicas Singulares, S.A. resolved to be taxed under the Navarre consolidated tax regime. Gamesa Eólica, S.L.Unipersonal is the Parent of this tax group.

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

The other consolidated companies file individual tax returns.

The difference between the tax charge allocated to each year and the tax payable for that year, recognised in “Deferred Tax Assets” and “Deferred Tax Liabilities” on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2013 and 2012, arose as a result of the following noteworthy circumstances:

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

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

	Thousand euro	
	2013	**2012**
Current taxes	21,088	24,966
Deferred taxes (Note 25)	(9,956)	(112,846)
INCOME TAX EXPENSE (INCOME)	**11,132**	**(87,880)**

The income tax expense (income) for 2013 and 2012 was determined as follows:

	Thousand euro	
	2013	**2012**
CONSOLIDATED RESULT BEFORE INCOME TAX	**60,461**	**(589,295)**
Permanent differences:		
Exemption of gains from the sale of wind farms	(6,844)	(55,260)
Assignment of intangible assets	(39,276)	(42,096)
Impairment of companies accounted for using the equity method (Note 11)	-	24,647
Profits obtained by companies consolidated using the equity method (Note 11)	8,523	970
Dividends and other permanent differences	208,263	2,081
ADJUSTED BOOK RESULTS	**231,127**	**(658,953)**
Gross tax at current rate in each country (*)	16,262	(203,695)
Deductions due to tax incentives and others generated during the year	(11,821)	(15,384)
Temporary differences relating to unrecoverable assets and other adjustments	6,691	131,199
EXPENSE/(REVENUE) ACCRUED ON CORPORATE INCOME TAX	**11,132**	**(87,880)**

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

As permitted under the applicable provincial income tax legislation, the gain obtained on the sale of wind farms by the subsidiary Gamesa Energía, S.A. (Sole-Shareholder Company), which is subject to the special tax regime for venture promotion companies, is not taxed.

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

Under current legislation, tax losses can be carried forward for tax purposes for offset against the taxable profits that will foreseeably arise in the future periods provided for in each applicable legislation. In this connection, the various GAMESA Group companies have €152,297 thousand in tax-loss carryforwards available for offset in future years (31 December 2012: €59,230 thousand). It also still records unused tax credits amounting to €137,023 thousand (€126,010 thousand at 31 December 2012 (Note 25).

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

- Basque tax group for €32,096 thousand (2012, €42,107 thousand). The recovery of the tax-loss carryforwards and deductions by the Basque Tax Group are reasonably ensured over a period of between 10 and 13 years, taking into account an annual estimated tax base of between €10 million and €15 million (2012, €10 million and €15 million). Tax-loss carryforwards and deductions generated by the Basque Tax Group expire for tax purposes in 15 years starting in 2013.

- Navarre tax group for €220,127 thousand (2012, €135,818 thousand). The recovery of the tax-loss carryforwards and deductions by the Navarre Tax Group are reasonably ensured over a period of between 10 and 11 years, taking into account an annual estimated tax base of between €75 million and €85 million (2012, €55 million and €65 million). Tax-loss carryforwards and deductions generated by the Navarre Tax Group expire for tax purposes in 10 and 15 years, respectively.

In addition, at the end of 2013 there were tax-loss carry forwards and deductions generated by the subsidiary GAMESA Wind Turbines, PTV, Lda (India) totalling €14,788 thousand that have yet to be applied and his recovery is assured over a maximum of 5 years.

Changes in the estimates of future tax basis in 2013 compared with 2012 are fundamentally explained by the expected changes in tax legislation applicable to the Basque tax group and the Navarre tax group for years commencing has from 1 January 2014.

At 31 December 2013 and 2012, the GAMESA Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised accredited tax loss carryforwards amounting to approximately €161,663 thousand (31 December 2012: €158,438 thousand) and tax deductions amounting to approximately €195,843 thousand (31 December 2012: €80,377 thousand). These deferred tax assets were not recognised because the GAMESA Group considers that the conditions for considering them to be recoverable in future years were not met.

In accordance with current legislation, taxes may not be regarded as definitively settled until the relevant returns have been examined by the tax authorities or the relevant lapsing period has ended. At 2013 year-end, in Spain the Group had all years since 2009 open for review for income tax and all years since 2010 for the other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled and, consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material effect on the accompanying consolidated financial statements.

28- Commitments, guarantees to third parties and contingent liabilities

At 31 December 2013, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting to €1,396,449 thousand (2012:€1,691,011 thousand). The detail, by type, of the guarantees received by the GAMESA Group is as follows:

	Thousand euro	
	2013	**2012**
Financing guarantees	28,629	37,724
Business contract guarantees	1,249,177	1,467,908
Guarantees provided to the government	118,643	185,379
TOTAL	**1,396,449**	**1,691,011**

The GAMESA Group considers that the liabilities, if any, which might arise from the obligations and guarantees shown in the table above additional to those for which provisions had been recognised at 31 December 2013 and 2012 would not be material.

29- Revenue and expense

a) Revenue and other operating income

The detail of these line items in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	**2012**
Sale of goods (Notes 3.a and b)	1,802,133	1,910,451
Rendering of services	533,485	754,390
NET REVENUES	**2,335,618**	**2,664,841**
Operating grants (Note 3.g)	626	270
Own work capitalised (Notes 3.d and 3.e)	73,793	93,368
Other revenues	4,954	8,356
OTHER OPERATING INCOME	**79,373**	**101,994**

b) Procurements

The detail of "Procurements" in the consolidated income statements for 2013 and 2012 is as follows:

	Thousand euro	
	2013	**2012**
Acquisitions of raw materials and other supplies	1,457,869	1,712,657
Changes in inventories of goods held for resale and raw materials (Note 14)	(67,533)	112,616
	1,390,336	**1,825,273**

c) Staff costs

The breakdown of this balance in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	**2012**
Wages and salaries	226,299	252,017
Incentive Plans (Note 18.e)	7,690	2,056
Changes in trade provisions for restructuring (Note 23)	6,918	32,615
Company Social Security contributions	53,609	60,287
Other benefit expenses	15,109	18,701
	309,625	**365,676**

As indicated in Note 1, starting in 2012 and within the context of the Business Plan 2013-2015, Gamesa Group has been carrying out a restructuring process that will allow it to adapt its resources to the current demand situation and make it possible to obtain better cost efficiency through a reorganization and a lower fixed expense structure, if adequately sized.

As a result of the above, in 2012 several lay off processes took place, and individual indemnities totalling €32.6 million arose, of which at the end of 2012 €9 million remained pending payment (23), and they were paid during 2013.

During 2013 the personnel restructuring plan continued, and additional layoffs were announced together with individual indemnities. The expense in this respect in 2013 totalled €6.9 million, primarily in Spain and the amount had been practically paid in full at the end of 2013.

The average number of employees and directors in 2013 and 2012, by professional category, was as follows:

Categories	2013	2012
Board Members	10	10
Senior management	5	8
Directors	86	94
Management personnel	3,615	4,202
Employees	2,562	3,331
TOTAL	**6,278**	**7,645**

The distribution of employees by gender in 2013 and 2012 is as follows:

	2013		
	Male	**Female**	**Total**
Board Members	9	1	10
Senior management	5	-	5
Directors	78	6	84
Management personnel	2,739	872	3,611
Employees	1,832	547	2,379
TOTAL	**4,663**	**1,426**	**6,089**

	2012		
	Male	**Female**	**Total**
Board Members	8	2	10
Senior management	8	0	8
Directors	82	9	91
Management personnel	2,766	925	3,691
Employees	2,212	644	2,856
TOTAL	**5,076**	**1,580**	**6,656**

The average number of employees at the Group in 2013 and 2012, with a disability equal to or greater than 33%, by category, was as follows:

Categories	2013	2012
Management personnel	5	5
Employees	12	18
TOTAL	**17**	**23**

d) Other operating expenses

The breakdown of this balance in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	**2012**
Rent and royalties	40,992	50,691
Repair, upkeep and maintenance expenses	6,004	15,452
Independent professional services	32,804	45,642
Vehicles	12,631	22,255
Insurance	15,703	18,964
Bank and similar services	27,711	14,528
Advertising, publicity and public relations	3,238	6,566
Utilities	16,882	22,814
Travel expenses	27,729	34,275
Telecommunications	5,500	6,356
Security	3,514	2,760
Cleaning	1,984	2,879
Subcontracting	35,712	49,182
Taxes	5,182	10,077
Other ordinary expenses	22,678	15,124
	258,264	**317,565**

At 31 December 2013, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group totalled approximately €26,268 thousand (31 December 2012:€31,418 thousand). The due dates for the operating lease instalments that cannot be cancelled are as follows:

2013	Thousand euro		
	2014	**2015-2019**	**+2019**
Operating lease instalments that cannot be cancelled	5,943	15,847	4,478

2012	Thousand euro		
	2013	**2014-2018**	**+2018**
Operating lease instalments that cannot be cancelled	4,989	19,944	6,485

At 31 December 2013, the Company had recognised €2,759 thousand under "Non-current Deposits and Guarantees" (see Note 13-b) in respect of existing leases (2012:€3,857 thousand).

e) Depreciation and amortisation charge and provisions

The breakdown of this balance in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	2012
Property, plant and equipment depreciation charge (Note 10)	66,391	72,554
Intangible asset amortisation charge (Note 9)	20,183	24,222
DEPRECIATION	**86,574**	**96,776**
Change in operating provisions for warranties and other (Note 23)	66,855	236,425
Change in write-downs of inventories (Note 14)	3,254	76,507
Change in other trade provisions	(2,161)	6,245
PROVISIONS	**67,948**	**319,177**
DEPRECIATION/AMORTISATION AND PROVISIONS	**154,522**	**415,953**

f) Finance income

The breakdown of this balance in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	2012
Profits from available-for-sale assets	201	210
Other finance and similar income	10,289	20,806
	10,490	**21,016**

g) Finance costs

The breakdown of this balance in the 2013 and 2012 consolidated income statements is as follows:

	Thousand euro	
	2013	2012
Financial expenses and others treated as such (Note 21)	50,618	62,926
Transfer of gains/losses on hedges of Cash flows (Note 18.c)	4,422	8,630
	55,040	**71,556**

All derivative financial instruments have been efficient in 2013 and 2012.

Capitalised interest on the construction of wind energy plants in 2013 and 2012 totalled €3,085 thousand and €3,085 thousand, respectively. The average capitalisation rates used in 2013 and 2012 were 2.48% and 3.49% respectively.

30- Directors' remuneration

In 2013 the Directors of GAMESA earned fixed and variable salaries, per diems, and other items amounting to approximately €2,625 thousand (2012: €3,263 thousand). The detail of the aforementioned amount is as follows:

	Thousand euro	
	31.12.13	**31.12.12**
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	**31.12.12**
TYPE OF DIRECTOR		
Executives	1,136	3,263
Non-executive proprietary directors	342	-
Non-executive independent directors	1,127	-
Other external	16	-
	2,621	**3,263**

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 the Compliance Unit at Iberdrola Group
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, 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.

31- Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to senior management, excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed above) amounted to €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 18.e) 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.

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

32- Related party balances and transactions

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them during the year were eliminated on consolidation. The detail of the transactions with related companies and associates and companies that are related parties which were not eliminated on consolidation in 2013 and 2012 is as follows:

2013	**Thousand euro**			
	Receivable	**Balances Payables**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries (Notes 17 and 18)	264,400	294,967	291,824	3,742
Windar Renovables, S.L. and subsidiaries (Note 11)	662	30,603	1,257	84,975
Other	9,770	392	74	430
TOTAL	**274,832**	**325,962**	**293,155**	**89,147**

2012	**Thousand euro**			
	Receivable	**Balances Payables**	**Sales and services rendered**	**Services received**
Iberdrola, S.A. and subsidiaries (Notes 17 and 18)	166,571	423,649	257,183	6,441
Windar Renovables, S.L. and subsidiaries (Note 11)	-	38,274	1,959	97,528
Other	9,768	-	-	-
TOTAL	**176,339**	**461,923**	**259,142**	**103,969**

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

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).

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.

33- Other information

a) Financial position

As indicated in Note 22, at 31 December 2013, GAMESA Group had been granted loans and undrawn credit facilities that accounted for 34.06 % of the total financing granted to it (31 December 2012: 38.16%). The GAMESA Group did not arrange any additional loans between the aforementioned date and the date of preparation of these consolidated financial statements, as it considers that the cash requirements for 2013 are fully covered.

b) Information regarding the deferral of payments made to suppliers

Details of payments for commercial transactions carried out by the Spanish companies 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:

	2013		2012	
	Thousand euro	**%**	**Thousand euro**	**%**
Payments during the year within the maximum legal limit	259,587	31%	266,035	32%
Other	570,668	69%	562,975	68%
Total payments during the year	830,255	100%	829,010	100%
Average excess payment period (days)	33		29	
Balance pending payment at the year-end that exceeds the maximum legal limit	45,662		55,295	

This balance relates to the suppliers of the Spanish consolidated companies 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 Payables to Related Companies” and “Other Payables – Other Current Liabilities” under “Current Liabilities” in the consolidated balance sheet.

The maximum payment period applicable to the Spanish companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions and pursuant to the transitional provisions contained in Law 15/2010, of 5 July, is 60 days in the period between the entry into force of the Law and 31 December 2013 (75 days at 31 December 2012).

34- Fees paid to auditors

In 2013 and 2012 the fees for financial audit and other services provided by the auditor of the Group’s consolidated financial statements, PricewaterhouseCoopers Auditores, S.L., 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)**

35- Earnings per share

At 31 December 2013 the average number of ordinary shares used in the calculation of earnings per share is 250,795,930 shares (250,730,304 shares at 31 December 2012) (Note 18.a), given that in 2013 GAMESA has held an average of 3,084,787 treasury shares (3,150,413 in 2012) (Note 18.e).

The basic earnings per share from continuing and discontinued operations attributable to the Parent in 2013 and 2012 were as follows:

	2013	2012
Net profit from continuing operations attributable to the Parent (thousand euro)	48,125	(501,556)
Net profit from continuing operations attributable to the Parent (thousand euro)	(3,092)	(157,884)
Average number of outstanding shares	250,795,930	250,730,304
Basic earnings per share from continuing operations (euro)	0.1919	(2.0004)
Basic earnings per share from continuing operations (euros)	(0.0123)	(0.6297)
TOTAL BASIC EARNINGS PER SHARE	**0.1796**	**(2.6301)**

At 31 December 2013 and 2012, Gamesa Corporación Tecnológica, S.A., the Parent of the GAMESA Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

36- Standards, amendments and interpretations that have not yet entered into force but which may be adopted before the start of financial years commencing 1 January 2013

At the date these consolidated financial statements were prepared, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations that are listed below, but which have not yet entered into force either because they are mandatory on or after 1 January 2014 and the Group has not adopted them early or because they have not yet been adopted by the European Union:

STANDARDS, AMENDMENTS AND INTERPRETATIONS: APPROVED FOR USE IN THE EUROPEAN UNION		MANDATORY APPLICATION IN THE YEARS BEGINNING ON OR AFTER
IAS 27 (Revised)	Separate financial statements	1 January 2014
IAS 28 (Revised)	Investments in associates and joint ventures	1 January 2014
IAS 32 (Revised)	Offset of financial assets and financial liabilities	1 January 2014
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IFRS 10 (Revised), IFRS 11 (Revised) and IFRS 12 (Revised)	Consolidated financial statements, joint arrangements and disclosures of interests in other entities: transitional provisions	1 January 2014
IAS 36 (Revised)	Disclosures regarding the recoverable amount of non-financial assets	1 January 2014
IAS 39 (Revised)	Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRS 10 (Revised), IFRS 12 (Revised) and IFRS 27 (Revised)	Investment entities	1 January 2014

NOT YET APPROVED FOR USE IN THE EUROPEAN UNION		
IFRS 9 (Revised)	Financial Instruments: Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39	1 January 2015
IAS 19 (Revised)	Defined benefit plans: Employee contributions	Tuesday, July 01, 2014
IFRS 9 (Revised)	Financial instruments	1 January 2015
IAS 9 (Revised) and IFRS 7 (Revised)	"Mandatory date of entry into force and transitional disclosures"	1 January 2015
IFRIC 21	Levies	1 January 2014
IFRS 14	"Regulatory deferred accounts"	1 January 2016

The Directors are reviewing the potential impact of the future application of these standards:

IAS 27 (Revised) "Separate financial statements"

The requirements previously established in IAS 27 with respect to the preparation of consolidated financial statements are included in the new IFRS 10 and therefore the former's scope of application is reduced to the accounting for investments in subsidiaries, joint ventures and associates in the individual financial statements under IFRS prepared by the investing company, which have not been changes with respect to the preceding legislation (i.e. recognition at cost of fair value according to the requirements of IFRS 9).

Although IAS 27 is mandatory for all years commencing 1 January 2013 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2014.

Early application of is allowed, provided that IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of interests in other entities", IAS 27 (revised in 2011) "Separate financial statements" and IAS 28 (revised in 2011) "Investments in associates and joint ventures" are applied at the same time.

IAS 28 (Revised) "Investments in associates and joint ventures"

IAS 28 has been updated to include references to the joint ventures, which under IFRS 11 "Joint arrangements" have to be recognised using the equity method. Simultaneously information regarding the following aspects has been added:

- Accounting treatment of instruments that provide potential voting rights.
- Measurement of shareholdings in associates and joint ventures in the hands of venture capital companies, mutual companies and other similar entities.
- Accounting treatment when the shareholding in an associate or joint venture is reduced by the equity method continues to be applicable.
- Accounting treatment of the contribution of a non-monetary asset to an associate or joint venture in exchange for receiving a share in the company's equity.

Although IAS 28 is mandatory for all years commencing 1 January 2013 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2014.

Early application of is allowed, provided that IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of interests in other entities" and IAS 27 (revised in 2011) "Separate financial statements" are applied at the same time.

IAS 32 (Revised) "Offsetting financial assets and financial liabilities"

In December 2011 the IASB issued an amendment of IAS 32, "Offset of financial assets with financial liabilities" and an amendment of IFRS 7 "Disclosures - Offset of financial assets with financial liabilities".

The amendment to IAS 32 "Financial instruments: Presentation", modifies the standard's application guidelines to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment does not involve any changes to the compensation model already existing in IAS 32 and it continues to be applicable when, and only when, a company currently has a legal right to offset the recognised amounts and the intention to settle the net amount, or to simultaneously realize the asset and extinguish the liability. The revision clarifies that the right to offset must be presently available and not depend on a future event. In addition, the right must be legally available during the ordinary course of the operations of the counterparties involved in the transaction, even in the case of default, insolvency and bankruptcy. The amendment of IAS 32 is mandatory for all years commencing as from 1 January 2014 and applied retroactively. Early adoption is permitted.

Given that the requirements to offset financial assets against financial liabilities continue to be different from the requirements under US GAAP, the IASB simultaneous published an amendment of IFRS 7 "Financial instruments: Disclosures”. The amendment of IFRS 7 requires the disclosure of quantitative information regarding recognised financial instruments that have been offset in the balance sheet and the financial instruments subject to master netting arrangements, regardless of whether or not they have been offset in the balance sheet. The amendment of IFRS 7 is mandatory for all years commencing as from 1 January 2013 and applied retroactively.

IFRS 10, "Consolidated financial statements".

IFRS 10 introduces changes in the concept of control, which continues to be defined as a determining factor as to whether or not the company should be included in the consolidated financial statements. IFRS 10 replaces the guidelines regarding control and consolidation established in IAS 27 "Consolidated and separate financial statements" and eliminates SIC 12 "Consolidation - Special purpose entities".

In order for control to exist, two elements of power over a company and variable yields must be present. Power is defined as the capacity to direct the activities of a company in a manner that significantly affects its performance. The standard provides an extensive application guide for those cases in which it is difficult to determine whether or not control exists, for example, when an investor holds less than one-half of the voting rights in a company. The concept of unity between a parent company and its subsidiaries for the purposes of consolidated financial statements and consolidation procedures have not changed with respect to the previous IAS 27.

Although this standard is mandatory for all years commencing 1 January 2013 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2014.

Early application is allowed, provided that IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of interests in other entities", IAS 27 (revised in 2011) "Separate financial statements" and IAS 28 (revised in 2011) "Investments in associates and joint ventures" are applied at the same time.

IFRS 11 “Joint Arrangements”

IFRS 11 provides an accounting treatment for joint agreements based on the rights and obligations deriving from the agreement and not on its legal format. The types of joint agreements are reduced to two: joint operations and joint ventures. Joint operations mean that a participant has direct rights to the assets and obligations deriving from the agreement and therefore recognises its share in proportion to the assets, liabilities, revenues and expenses recorded by the company in which the interest is held. Joint ventures arise when a participant has the right to the results obtained or to the net assets of the company in which the interest is held and therefore uses the equity method to recognise its stake in the company. Stakes in joint ventures may no longer be recognised using the proportional consolidation method.

Although this standard is mandatory for all years commencing 1 January 2013 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2014. The changes in accounting treatment required by IFRS 11 are reflected at the start of the oldest period presented in the financial statements. The standard contains a specific guide as to how to transition from the proportional method to the equity method and vice-versa.

Early application of IFRS 11 is allowed, provided that IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosures of interests in other entities", IAS 27 (revised in 2011) "Separate financial statements" and IAS 28 (revised in 2011) "Investments in associates and joint ventures" are applied at the same time.

IFRS 12 “Disclosure of interests in other entities”

IFRS contains the disclosure requirements for companies that report under the new IFRS 10 "Consolidated financial statements" and the new IFRS 11 "Joint arrangements". In addition, it replaces the disclosure requirements previously included in the former IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures". Under IFRS 12 disclosures must include information that allows users of the financial statements to evaluate the nature, risks and financial effects associates with the company's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Among other requirements disclosures must contain:

- Significant assumptions and judgments used when determining the existence of control, joint control or significant influence.
- The composition of the group, including the participation of non-controlling interest in the Group's activities and its cash flows.
- The risks associated with the consolidated structured entities, for example, agreements that may require the group to provide financial assistance to the entity.
- The accounting of transactions with non-controlling interests in situations in which control over the subsidiary is maintained or lost.
- Shareholdings in associates and joint arrangements (similar to the requirements of the previous IAS 28).
- Information regarding the nature, purpose, size, activities and financing of unconsolidated structured entities, financial information regarding the entity (revenues, assets), information regarding the assets and liabilities recognised in the balance sheet that relate to these structured entities, maximum losses that may arise from the interest and the financial assistance rendered to the entity or if there is any current intention to provide such assistance.

Although this standard is mandatory for all years commencing 1 January 2013 based on the validity date established by the IASB, the European Union established a validity date of 1 January 2014.

To encourage the inclusion of the new IFRS 12 disclosures in the financial statements before it enters into force, the standard clarifies that the disclosure of the information required by IFRS 12 does not require the company to meet all of the provisions of the standard, or adopt IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements:, IAS 27 (revised in 2011) "Separate financial statements" and IAS 28 (revised in 2011) "Investments in related parties and joint ventures" at the same time.

IFRS 10 (Revised), IFRS 11 (Revised) and IFRS 12 (Revised) "Consolidated financial statements, joint arrangements and disclosures regarding interests in other companies: "Transition guidelines", (Amendments to IFRS 10, IFRS 11 and IFRS 12

The IASB has amended the transitional provisions of IFRS 10 "Consolidated financial statements, IFRS 11 "Joint arrangements" and IFRS 12 "Disclosures regarding interests in other companies" to clarify that the date of first application is the first day of the first year in which IFRS 10 is applied for the first time.

The differences between the concept of "control" under IFRS 10 and IAS 27/ SIC 12 may require a previously unconsolidated company to consolidate or vice-versa. If the conclusion regarding the need to consolidate changes during the first application of IFRS 10, the comparative information for the immediately preceding year must be re-expressed to match that for the year in which IFRS 10 is first applied, in line with the analysis carried out, unless impractical. Any difference that arises as a result of the application of IFRS 10 that exists at the start of the comparative year is applied to equity.

When the decision regarding the need to consolidate does not change at the date of the first application of IFRS 10 (i.e. the interest would be consolidated under both IAS 27 / SIC 12 and IFRS 10, or would not be consolidated under either), no accounting adjustment is necessary. This assistance with the transition in the new regulations is also applicable to the shares sold before the date on which IFRS 10 is first applied.

Comparative disclosures are necessary under IFRS 12 with respect to subsidiaries, associates and joint ventures. However, they are limited to the comparative year immediately preceding the first year in which IFRS 12 is first applied. There is no requirement to disclose comparative information regarding unconsolidated structured vehicles.

The amendment to these standards is mandatory for all years commencing on or after 1 January 2014, in line with the dates on which the amended standards enter into force. It must be adopted early if the affected standards (IFRS 10, IFRS 11 and IFRS 12) are adopted early.

IAS 36 (Revised) "Disclosures regarding the recoverable amount of non-financial assets"

The IASB published a limited scope amendment to IAS 36 "Impairment of assets" relating to the disclosures of the recoverable amount of impairment assets when the recoverable amount is based on fair value less the costs of selling or otherwise disposing of the assets. Through IFRS 13 "Fair value measurement" the amendments relating to the IAS 36 disclosures were implemented. Once of this amendments was worded more broadly than expected. The amendment corrects this situation and also requires that supplementary information be presented regarding the fair value measurements when there has been an impairment or reversal of those items. The IASB has therefore amended IAS 36 as follows:

- Eliminates the requirement to disclose the recoverable amount when a cash generating unit (CGU) contains good will or an intangible asset with an indefinite useful life, but for which no impairment loss has been recognized.
- It requires the disclosure of the recoverable amount for an asset or a CGU when an impairment loss has been recognized or reversed, and
- It requires detailed disclosure of how the fair value less the cost of selling or otherwise disposing of the asset has been measured when an impairment loss has been recognized or reversed.

This revision is applicable to all years commencing as from 1 January 2014 and is applied retrospectively. It may be adopted early but it cannot be adopted before the application of IFRS 13 by the company. Given that GAMESA applied IFRS 13 at the end of 2013 the amendment to IFRS 36 described above was applied early.

IAS 39 (Revised) "Novation of derivatives and continuation of hedge accounting"

In accordance with IAS 39, a company is required to interrupt hedge accounting when a derivative that has been designated as a hedging instrument is novated to a central counterparty (CCP) given that the original derivative ceases to exist. The new derivative with the CCP is recognized at the time of the novation.

The IASB has amended IAS 39 to introduce a restricted scope exemption to the interruption of hedge accounting when the novation of a hedge instrument to a CCP complies with certain requirements.

Specifically, the amendments will not result in the expiration or termination of the hedge instrument if:

- As a result of a specific law or regulation, the parties to a hedge instrument agree that a CCP, or an entity (or entities) act as counterparties in order to carry out the offset as a CCP, replaces the original counterparty and
- Other changes, if any, to the hedge instrument are limited to those that are necessary to replace the counterparty.

These amendments will be applicable in years commencing as from 1 January 2014, although they may be adopted early.

IFRS 10 (Revised), IFRS 12 (Revised) and IFRS 27 (Revised) "Investment entities"

Under certain circumstances, the amendment of IFRS 10 means that funds and similar entities are exempted from consolidating the companies over which they exercise control. Instead, they will be measured at fair value through changes in profit and loss. These amendments therefore provide for an exemption of entities that meet the definition of "investment entity" and which have specific characteristics. Amendments have also been made to IFRS 12 to introduce requirements for information that an entity of this type must include in its consolidated annual accounts.

The amendments to these standards are mandatory for all years commencing as from 1 January 2014. It may be applied early, provided that all of the aforementioned amendments are adopted at the same time.

IFRS 9 – (Revised) "Financial Instruments: Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39

Within the IASB project to replace IAS 39 entirely by IFRS 9, it published the document "IFRS 9: financial instruments - Hedge accounting" that includes the requirements relating to hedge accounting in IFRS 9. These amendments to IFRS 9 represent a substantive reform of hedge accounting that more tightly aligns hedge accounting with risk management and should result in more useful information for the taking of decisions by the users of financial statements. These new requirements also established an approach more based on principles instead of rules for hedge accounting and take care of inconsistencies and weaknesses in the current IAS 39 model.

The most significant changes are as follows:

- Hedge effectiveness tests and the possibility of applying hedge accounting: IFRS 9 relaxes the requirements for the effectiveness of the hedge and, as a result, for applying hedge accounting. Under IAS 39 a hedge must be highly effective on both a prospective and retrospective basis. IFRS 9 replaces this line requiring a financial relationship between the hedged item and the hedge instrument and that the hedged ratio be the same that the company uses in reality risk management.

- Hedged items: The new requirements amend what is classified as a hedged item, primarily eliminating restrictions that currently impede some economically rational hedging strategies from qualifying for hedge accounting. For example:

  - The risk components for non-financial items may be designated as hedged items, provided that they can separately identified and they can be reliably measured.

  - The aggregate exposures (i.e. exposures that include derivatives) may be hedged items.

  - The hedging of groups of items is made more flexible, although macro hedges are not covered.

  - Hedge accounting is allowed for equity instruments measured at fair value through other comprehensive profit and loss, even if there will not be any impact on profit and loss due to these investments.

- Hedge instruments: The rules regarding the use of some hedge instruments are relaxed.

- Accounting, presentation and disclosures: The requirements relating to the accounting and presentation of the accounts under IAS 39 remained practically unchanged in IFRS 9. However, companies must now reclassify accumulated profit and loss in equity based on a cash flow hedge at the carrying value of a non-financial hedged item when it is initially recognized. Furthermore, additional disclosure requirements have been included in the new standard.

Although not referring to hedge accounting, as part of the amendments IFRS is amended to allow companies to adopt early the requirement of recognizing changes in fair value attributable to changes in the company's own credit risk in other comprehensive profit and loss (for financial liabilities measured at fair value). This may be applied without having to adopt the rest of IFRS 9.

Finally, the date on which IFRS enters into force (1 January 2015) has been eliminated, although companies may still choose to apply IFRS 9 immediately [but not for the purposes of IFRS-EU, since IFRS 9 has not yet been approved by the European Union].

IFRS 9 is applicable retroactively. However, hedge accounting will be applied prospectively (with some exceptions).

IAS 19 (Revised), "Defined benefit plans: Employee contributions"

This amendment is applicable to contributions made by employees or third parties to defined benefit pension plans. The objective is to simplify the accounting treatment of contributions that are independent of the number of years of service, for example, employee contributions that are calculated based on a fixed percentage of their salary.

IAS 19 (revised in 2011) makes a distinction between employee contributions relating to services rendered and those that are not associated with their service. The current amendment also makes a distinction between contributions that are associated to services only in the year in which they arise and those that are associated to services rendered over more than one year. The amendment allows contributions that are associated with service, and do not change with the duration of the employee's service, to be deducted from the cost of accrued benefits in the year in which the relevant services rendered. Contributions associated with the service, and which vary in accordance with the duration of the employee's service, must be extended during the period over which the service is rendered using the same assignment method applied to the benefits. This means that either in accordance with the pension plan formula or when the plan provides a significantly higher level benefit for services in subsequent years, on a straight line basis.

This amendment is applicable to all years commencing as from 1 July 2014 and is applied retrospectively. Early adoption is permitted.

IFRS 9, "Financial instruments"

The issue of IFRS "Financial Instruments" in November 2009 represented the first step in the IASB's project to replace IAS 39, "Financial Instruments": Recognition and measurement". IFRS 9 simplifies the accounting for financial assets and introduces new requirements for their classification and measurement. It requires that the financial assets that are maintained primarily to hedge cash flows that represent the payment of principal and interest are measured at amortised cost, while all other financial assets, including those held for trading, are measured at fair value. Accordingly, a value impairment model is only required for the financial assets recognised at amortised cost. In October 2010 the IASB updated the content of IFRS 9 to include the criteria to recognise and subsequently measure financial liabilities and the criteria for eliminating of financial instruments. The previous requirements of IAS 39 have not been modified in this respect, except with respect to the subsequent recognition of financial liabilities measured at fair value through changes in profit and loss. With respect to these items, changes in fair value deriving from the consideration of credit risk are to be recognised as revenues and expenses directly under equity. The amounts recorded under equity are not taken to the income statement, although they may be reclassified to other equity headings. However, if at the time of the initial recognition of these liabilities it is determined that such recognition would give rise to a mismatch with the measurement of the associated financial assets, all changes in value would be taken to the income statement. For the moment, the current requirements of IAS 39 with respect to the impairment of financial assets and the accounting of hedges continue to be applicable.

This standard will be applicable in years commencing as from 1 January 2013, although it may be adopted early.

IFRS 9, (Revised) and IFRS 7 "Mandatory date of entry into force and transitional disclosures"

The IASB has published an amendment under which the entry into force of IFRS "Financial Instruments" is delayed and is not mandatory for years commencing as from 1 January 2015. According to the original transitional provisions, IFRS 9 entered into force on 1 January 2013. The early application of IFRS 9 continues to be permitted.

In addition, the IASB has extended the completion deadline for the remaining stages of the project to replace IAS 39 "Financial Instruments: Recognition and measurement" (the accounting of impairment losses and opening accounts). This amendment notes the importance of allowing the simultaneous application of all the stages of the new standard.

It is also notable that the amendment to IFRS 9 introduced changes regarding comparative information and the additional disclosures that must be provided after the adoption of the new standard, based on the date it is first applied, as is indicated below:

- If IFRS 9 is applied to years commencing before 1 January 2012, it is not necessary to re-express the comparative figures or include the additional disclosures at the initial date the standard is applicable.
- If IFRS 9 is applied to years commencing on or after 1 January 2012 but before 1 January 2013, a choice must be made between re-expressing the comparative figures or including the additional disclosures at the initial date the standard is applicable.
- If IFRS 9 is applied to years commencing on or after 1 January 2012, it is not necessary to re-express the comparative figures but it is necessary to include the additional disclosures at the initial date the standard is applicable.

IFRIC 21 "Taxes"

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions and contingent assets and liabilities" that covers the accounting treatment of taxes levied by public administrations, other than income tax and fines and penalties imposed for failing to comply with legislation. The main question that is raised in this respect is when the company must recognize a liability for the obligation to make payment of a tax that is recognized in accordance with IAS 37. IAS 37 establishes the conditions for recognizing a liability, one of which is that the company has a present obligation as a result of a past event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a tax is the activity described in the relevant legislation that gives rise to the payment of that tax.

This interpretation is mandatory for all years commencing as from 1 January 2014. Early adoption is permitted.

At the date the consolidated annual accounts were prepared the Group is evaluating the accounting impact of the aforementioned standards.

IFRS 14 "Regulatory deferral accounts"

The IASB published IFRS 14 "Regulatory deferral accounts", an interim standard regarding the accounting treatment of certain balances that arise in regulated tariff activities. IFRS 14 is only applied to those companies that adopt IFRS 1 for the first time, allowing them to continue recognizing the amounts relating to the tariff regulation in accordance with the accounting policies in place prior to the adoption of IFRS relating to the recognition, measurement, impairment and disposal of these balances. However, in order to reinforce the comparability with companies that already apply IFRS and do not recognize these amounts, the standard requires that the effect of this tariff regulation be presented separately from other items. A company that already presents financial statements in accordance with IFRS cannot apply this standard. This standard is effective as from 1 January 2006, although it may be adopted early.

Its application is not mandatory but companies that will apply the guidelines must start to consider its repercussions in connection with the adoption of IFRS.

At the date the consolidated annual accounts were prepared the Group is evaluating the accounting impact of the aforementioned standards.

Improvement Project, Cycles 2010-2012 and 2011 - 2013

In December 2013 the IASB published the IFRS Annual Improvements for the cycles 2010-2012 and 2011-2013. The annual improvement process provides a vehicle to make non-urgent, but necessary, amendments to the IFRS. Some of these amendments result in amendments of other IFRS. The amendments included in these Annual improvements are generally applicable to the years commencing 1 July 2014, although they may be adopted early. A summary of these amendments is set out below:

Cycle 2010-2012:

- IFRS 2 "Share-based payments" Definition of the conditions for the irrevocability of a concession.
- IFRS 3 "Business combinations". Recognition of the contingent compensation in a business combination.
- IFRS 8, "Operating segments" Aggregation of operating segments and reconciliation of all assets in the segments being reported with the company's assets.
- IFRS 13 "Fair value measurement". Current receivables and payables.
- IAS 16, "Property, plant and equipment". Restatement method-proportional restatement of accumulated depreciation.
- IAS 24, "Related party disclosures". Key management personnel.
- IAS 38, "Intangible assets". Restatement method-proportional restatement of accumulated depreciation.

Cycle 2011-2013:

- IFRS 1 "First-time adoption of IFRS" Meaning of "Effective IFRS".
- IFRS 3 "Business combinations". Exceptions to the scope for joint ventures.
- IFRS 13 "Fair value measurement". Scope of paragraph 52 (portfolio exception).
- IAS 40 "Investment properties". Clarification of the relationship between IFRS 3 and IAS 40 when a property is classified as an investment property or a property occupied by the owner.

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

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

Details of the assets and liabilities that make up opponent classified as "Disposable group of items classified as held-for-sale" at 31 December 2013 and 2012, as in both years the conditions for such a classification were met in accordance with the matters indicated in Notes 3.i and 10, are as follows:

	2013	2012
Other intangible assets	-	199
Property, plant and equipment	266	745
Investments carried under the equity method	82,995	88,610
Non-current financial assets	9	37
TOTAL NON-CURRENT ASSETS	**83,270**	**89,591**
Inventories	27,220	30,610
Receivables	2,560	21,496
Other current assets	392	-
Cash and other cash equivalents	15	1,100
TOTAL CURRENT ASSETS	**30,187**	**53,206**
TOTAL DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD-FOR-SALE	**113,457**	**142,797**
Other non-current liabilities	459	13,023
TOTAL NON-CURRENT LIABILITIES	**459**	**13,023**
Other current liabilities	179	26,492
TOTAL CURRENT LIABILITIES	**179**	**26,492**
TOTAL LIABILITIES ASSOCIATED WITH DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD-FOR-SALE	**638**	**39,515**
NET ASSETS IN DISPOSAL GROUP	**112,819**	**103,282**

The main headings of the income statement relating to the component classified as a discontinued operation in 2013 and 2012 are as follows:

	2013	2012
Net revenues	2,847	573,499
Other revenues	-	4,973
Depreciation/amortisation and provisions	(678)	(70,283)
Other expenses	(5,261)	(664,854)
Profit/(loss) before taxes	**(3,092)**	**(156,665)**
Corporate income tax attributable	-	(1,219)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED ACTIVITIES	**(3,092)**	**(157,884)**

In 2012 significant impairment of non-current assets held- for-sale were recognized due to:

- The gradual weakening of global demand for wind energy generation, a situation disclosed in information presented during the fourth quarter of 2012 based on various independent industry studies. This decline in demand is accompanied by the additional pressure on commodity prices and the strengthening of other alternative technologies such as shale gas.
- The fall in the future perspectives of merchant prices, which range between 7% and 13% in annual terms in the states in which the GAMESA plants are located. This decline in prices was accompanied by the lack of liquidity of green certificates and the regulatory instability due to the lack of visibility in terms of the validity of the PTCs.

As a result, of the above factors, there was excess supply of plants compared with demand, which translated in practice into a reduction in the prices offered to GAMESA over the last quarter of 2012.

GAMESA has recognised the results of transactions with the discontinued operation in 2012 that were generated by the manufacturing process in the United States (continuing operations), as results from continuing operations with the following considerations that the Group believes to be reasonable and adequate for the circumstances:

- Both activities (manufacturing and development) in the United States may identify with "products" that are clearly differentiated (machines/plant and development), considering the different risk affecting both.

- Under its current structure, the manufacturing activity continues for third party developers in the United States and even for sale in other geographic areas of influence (Mexico, Canada and Latin America).

The development and sale of plants in the United States at 31 December 2013 and 2012 relates mainly to:

1- A currently operating wind plant owned by GAMESA recognised under the heading "Inventories" in the above table. The heading "Depreciation and provisions" for 2012 in the above table recorded, among other things, the €31.9 million impairment recognised for that wind energy plant, due to the situation of the sector in the United States, since its carrying value was higher than its estimated recoverable value based on projected cash flows and references to transactions and other market parameters.

This impairment has been applied taking into account projected cash flows over the coming years, bearing in mind a time horizon of 20 years, annual growth of 2% and the discount rate based on the weighted average cost of capital - WACC - which is between 8% and 9%. The key assumptions used were as follows:

- Units sold in coming years.

- Average revenues per unit.

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

- 1% decrease in the MW sold in coming years.

- 1% increase in the MW sold 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 have revealed the existence of additional impairment totalling approximately €670 thousand at 31 December 2013 and a decrease in impairment of approximately €680 thousand.

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

At the date the Group's 2013 consolidated annual accounts were prepared GAMESA maintains a sales pre-agreement for a value that does not significantly different from the value recognize that 31 December 2013. Management of carrying out the action that is necessary within the negotiation process and expects a favourable decision regarding the transfer of the non-current asset in the short-term.

2- Certain capitalised costs classified as "Inventories" and which includes the costs of various projects in the United States to develop wind energy plants (including, among other things, costs relating to obtaining permits, licences, surface rights, wind studies, etc.). In 2012 the heading "Depreciation and provisions" in the above table recorded, among other things, the €25 impairment recognised for all of these costs, which included €19 million in projects for which GAMESA calculated the internal profit rate associated with those projects, based on their value-in-use and taking into account the total investments to be made for them to enter into operation and whose further development has been ruled out since the expected profit on the project was less than 8%, which is considered to be the target for wind energy projects in the United States and €6 million for projects for which the environmental licences for construction were not obtained. At 31 December 2013, GAMESA has updated the analysis of the recoverable value and no changes have arisen in the estimates and, therefore, no provision whatsoever has reversed in this respect.

3- At 31 December 2013 and 2012, GAMESA maintains a 24.26% stake in the company Wind Portfolio Sponsorco, LLC. which, in turn, maintains a stake in several wind energy plants built by GAMESA (Sandy Ridge Wind, LLC., Senate Wind, LLC. and Minonk Wind, LLC.), recognized under the heading “Investments measured using the equity method” in the preceding table.

In accordance with the habitual procedures applied by GAMESA, the revenues and costs associated with the construction of the wind energy plants were stated in the relevant items under operating profit/(loss). The result of the sale of shares, since it formed part of the development and sale of wind energy plant development and sale activity in the United States, which was discontinued, was recognised as a loss totalling EUR 46.5 million under "Prior year results on discontinued operations" in 2012.

In addition, the heading "Other expenses" in the above table recorded at 31 December 2012, among other things, the €41.4 million impairment recognised for the interest held in Wind Portfolio Sponsorco, LLC, due to the situation of the sector in the United States, since its carrying value was higher than its estimated recoverable value based on projected cash flows and references to transactions and other market parameters.

This impairment has been applied taking into account projected cash flows over the coming years, bearing in mind a time horizon of 20 years, annual growth of 2% and the discount rate based on the weighted average cost of capital - WACC - which is between 7% and 8%. The key assumptions used were as follows:

a) Units sold in coming years.

b) Average revenues per unit.

On 27 November 2013the contract covering the sale of the interest was signed with the company's majority shareholder for an amount that does not significantly vary from the amount recorded at 31 December 2013. The definitive and of the transaction and, therefore, the substantial transfer of the risks and benefits deriving from ownership of the asset is subject to compliance with certain conditions, mainly of a technical and administrative nature. Given that certain conditions had not been fully satisfied at 31 December 2013 the non-current asset (or disposable group of assets) has not been eliminated from the balance sheet in the consolidated annual accounts. GAMESA believes that the sale of the non-current asset will be completed over the course of 2014 for the initial price agreed in the signed contract and therefore the impairment taking into consideration at 31 December 2012 has not been modified.

At 31 December 2013 the amount recognized as "result for the year from discontinued operations" fundamentally includes the losses generated by the wind energy plant owned by GAMESA and recognized as inventory, as is mentioned above.

The breakdown of cash flows deriving from the component classified as discontinued operations in 2013 and 2012 is as follows:

	2013	2012
Cash flows from operating activities	(13,322)	(45,940)
Cash flows from investing activities	(392)	(4,513)
Cash flows from financing activities	12,629	52,240
TOTAL CASH FLOWS ORIGINATING FROM DISCONTINUED ACTIVITIES	**(1,085)**	**1,787**

38- Post-balance sheet 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 consolidated 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 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 2004 once the definitive agreements are signed (Note 9).

Appendix

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

Company	Line of business	Auditor	Location	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
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
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

Company	Line of business	Auditor	Location	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
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
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
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

Company	Line of business	Auditor	Location	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
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
Gamesa Trading Co., Ltd.	Purchase and sale of raw material (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

Company	Line of business	Auditor	Location	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
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	-	Finlandia	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

Company	Line of business	Auditor	Location	% of direct and indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
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							
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 consolidated 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 131 sheets of unstamped paper, on the obverse only, and the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

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

Ignacio Martín San Vicente
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

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

Approval of the Chairman

Madrid, 26 February 2014 In witness whereof

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

2013 Activity Report

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).

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.

[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.

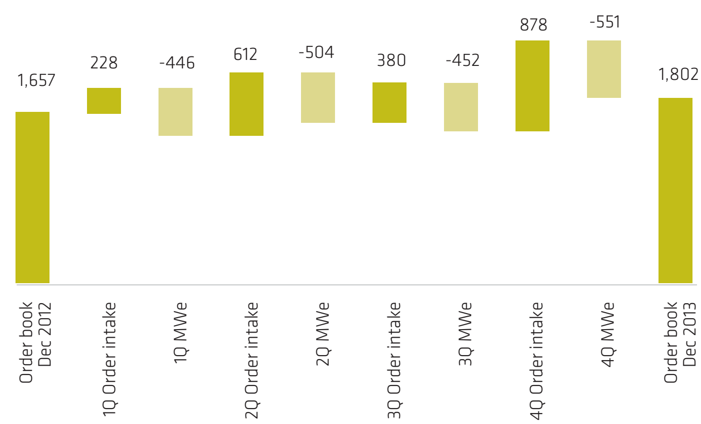
[2] The EBIT margin does not include the net impact of non-recurring items (-€5.6mn).

[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.

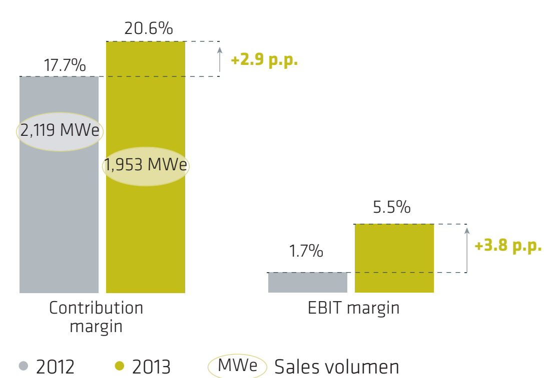
Order intake also improved considerably throughout 2013, after a weak start. This better performance was especially notable in the fourth quarter, when order intake totalled 878 MW[5], i.e. 54% higher than in the fourth quarter of 2012. This enabled Gamesa to begin 2014 having already covered 60% of 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.

Profitability[7]



[5] Intake of firm orders and confirmation of framework agreements for delivery in the current and subsequent years.

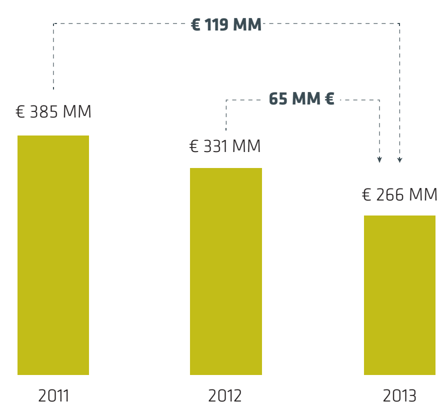
[6] EBIT margin in 2013 excludes a non-recurring net impact of -€5.6 million, EBIT margin 2012 with Gamesa Energía USA classified under discontinued operations, excluding €550 million in extraordinary expenses.

[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.

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.

Fixed expenses (€MM)



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.

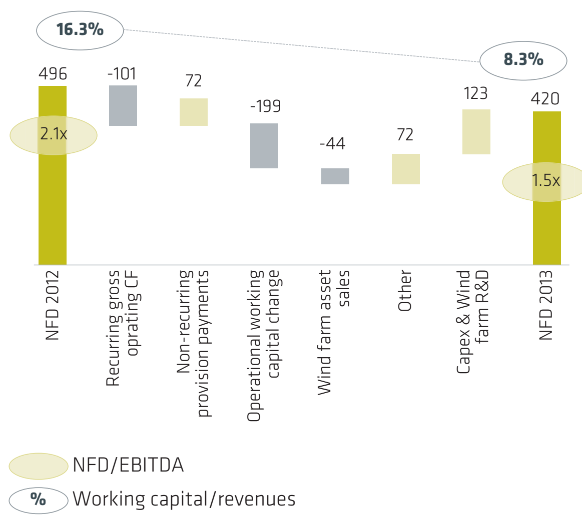
[8] EBIT 2012 of €47 million is pro forma, excluding restructuring expenses of €550 million and with Gamesa Energía USA classified as discontinued.

[9] BP 2013-2015 target of reducing fixed costs by €100 million with respect to the 2011 baseline.

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.

Net interest-bearing debt (€MM)



1. Operating capex (€ 110 MM) and wind farm R&D expenditure (€ 12,5 MM) 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.

[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.

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], 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.

2- Foreseeable evolution

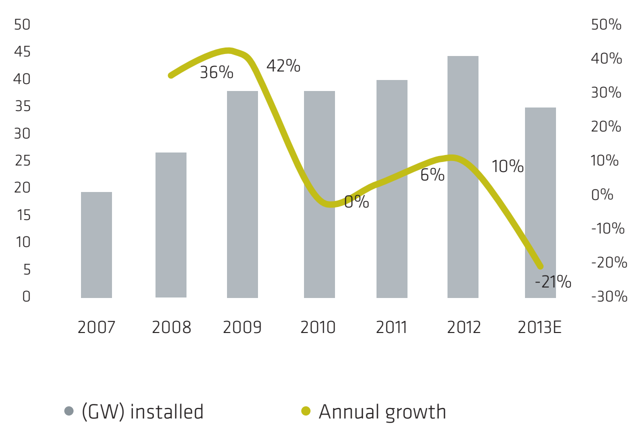
Outlook

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).

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

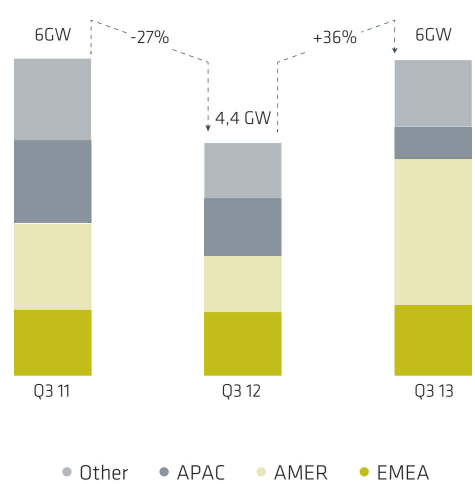
Trend in annual installations 2007-2013E (GW)



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].

Firm orders Q3 2011-Q3 2013 (GW)



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

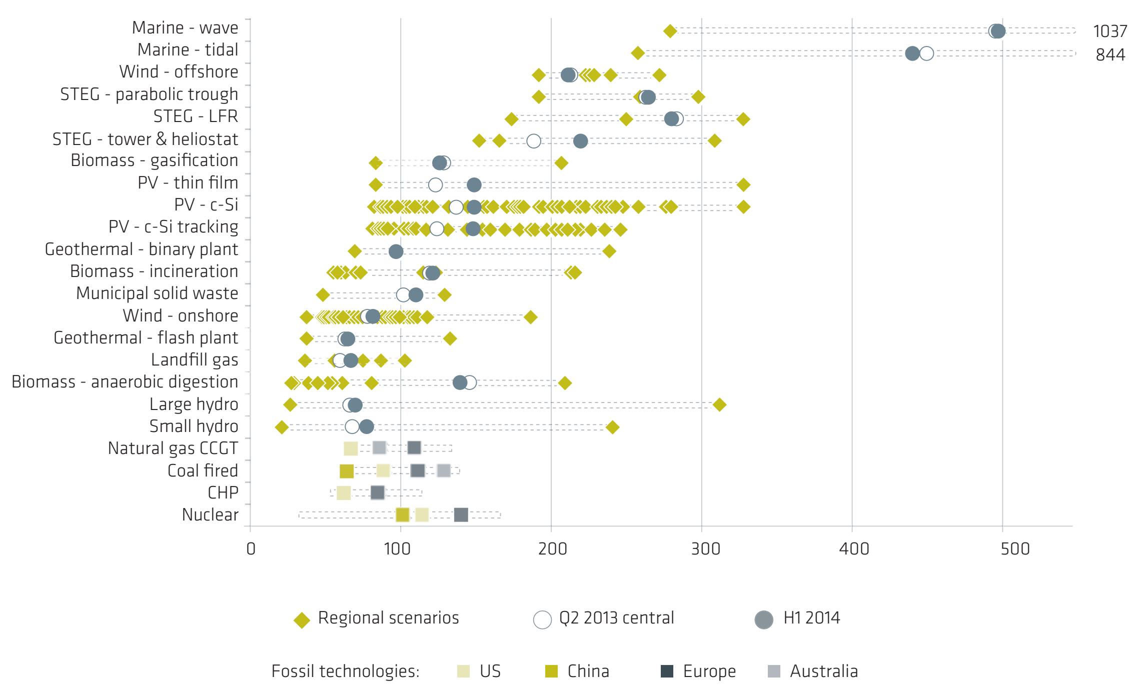
[12] Final information on orders signed in Q4 2013 pending publication at the date of this report. Year-on-year growth in Gamesa order intake in Q4 2013: +54%.

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.

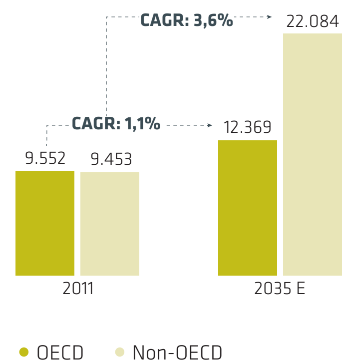
However, the race for competitiveness is not over and work to develop new wind power products remains focused on improving the cost of energy at low and medium wind sites, which are expected to attain grid parity in 2015-2016. In its report on global trends in the wind industry, MAKE estimates that the 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)

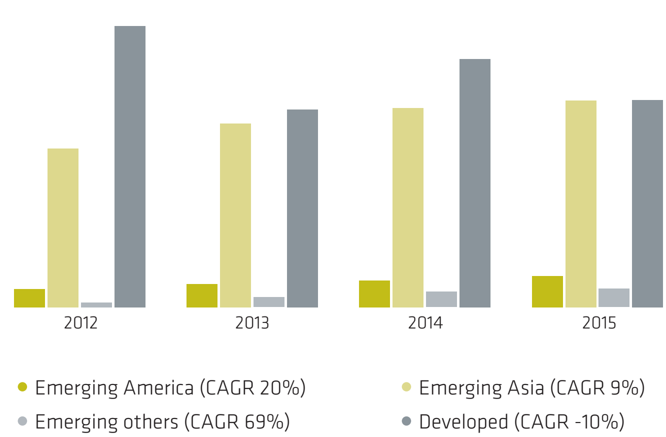


Source: IEA (World Energy Outlook 2013).

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

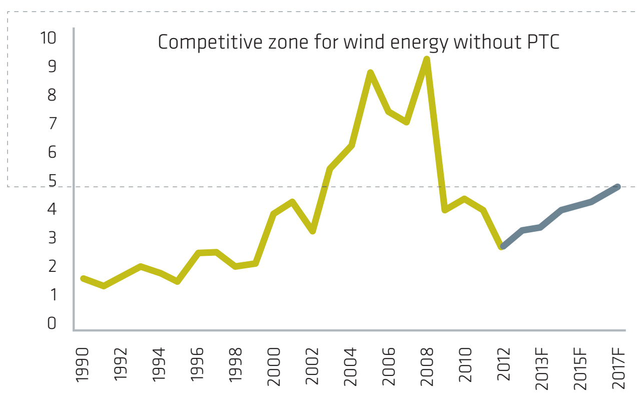


Source: BTM (World Market Update March 2013).

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.

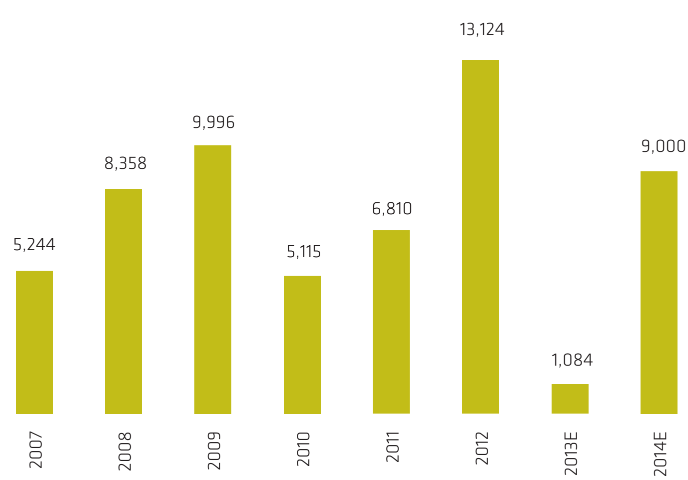
Gas future price curve (USD MMBtu)



Source: NYMEX

En este entorno de mercado la extensión tardía de los incentivos a la producción e inversión renovable en diciembre de 2012, originaron una paralización de los pedidos en dicho año, reflejado en la contracción de las instalaciones en 2013, pero a la vez, aseguraron la recuperación de las instalaciones en el 2014.

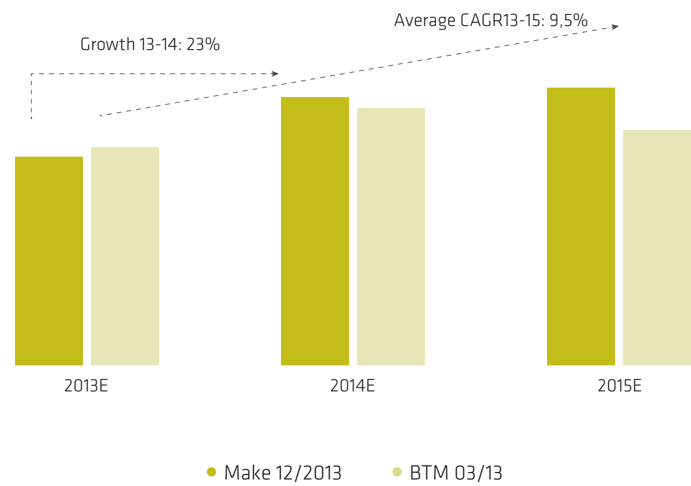
Contraction/expansion cycle and demand recovery in the US (MW)



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.

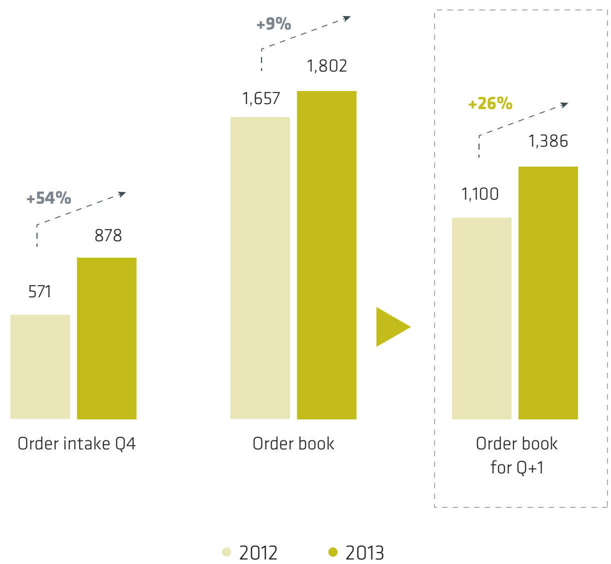
In this market context, Gamesa has a number of advantages that support business volume growth in line with the market in the short and medium term. Firstly, its considerable commercial diversification: wind turbines installed in 42 countries, sales offices in 18 countries and relations with over 200 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.

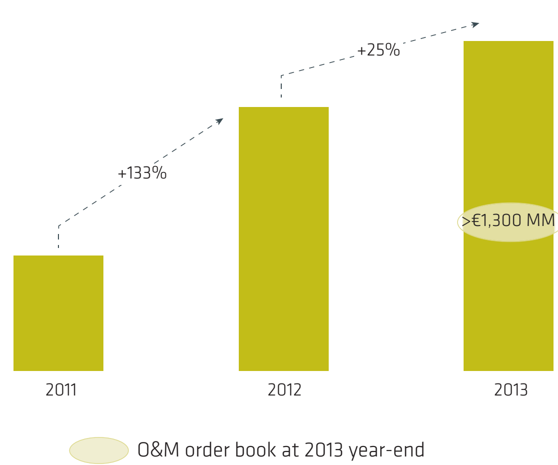
Gamesa has also benefited from the recovery in the US market, where it signed 248 MW in orders in the fourth quarter as well as a framework agreement with EDPR for 450 MW, ending 2013 with 9% growth in the order book, having covered 60% of projected activity for 2014 (2,200-2,400 MWe).

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.

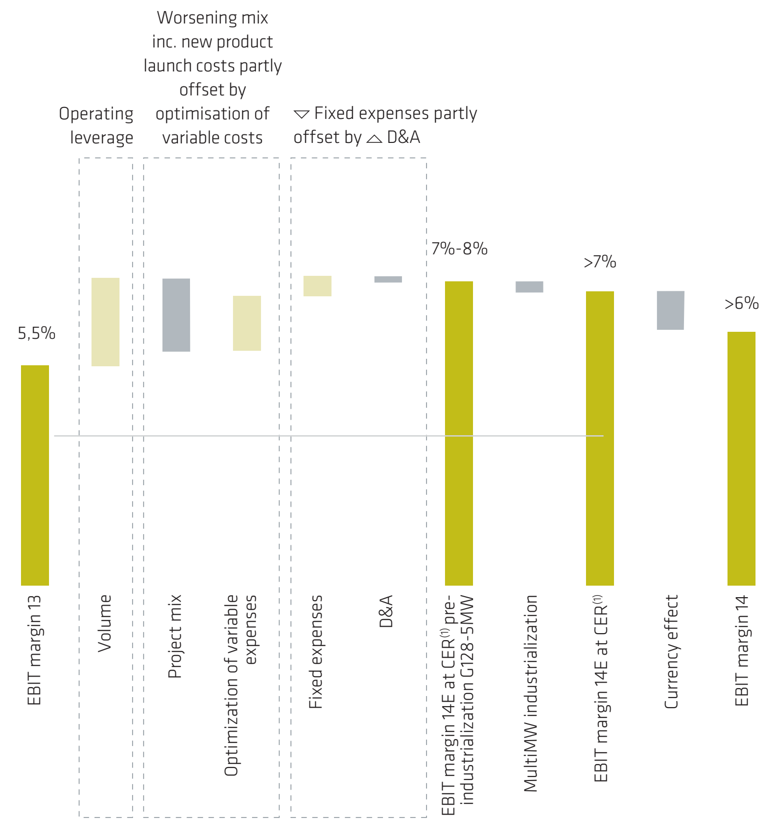
The reduction in the breakeven point as a result of adopting a structure more in line with current demand will contribute significantly to improving profitability in 2014 because of the projected increase in business volume. Moreover, the company will continue to reduce fixed costs in 2014, enabling 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



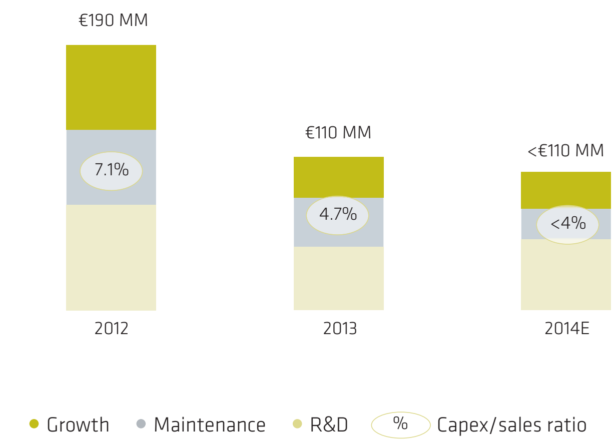
(1) CER: Constant exchange rate: 2013 average exchange rate.

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.

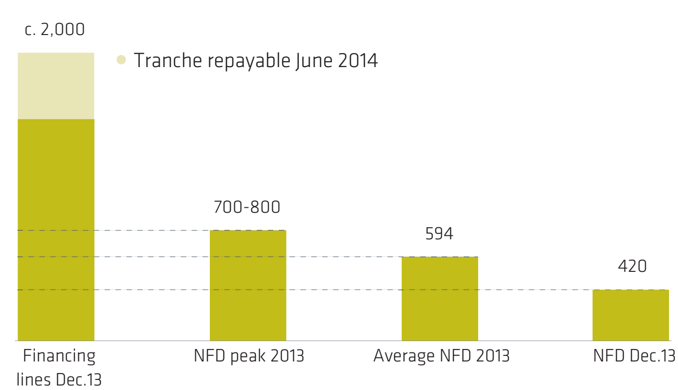
Greater focus, lower intensity: aligning investment with market needs



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 (€MM)



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 G128-5 MW 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: 5 MW-6 MW, with Areva's M5000 and Gamesa's G128-5 MW offshore wind turbines.

Gamesa's G128-5 MW 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 generated €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.

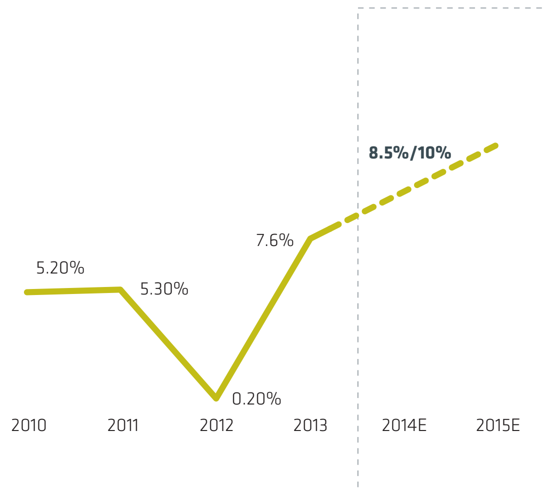
Business stabilized during the year as did sale prices, rising in the fourth quarter. Order intake followed a similar trend, rising steadily to attain 54% growth year-on-year; as a result, Gamesa ended the year with an order book of 1,802 MW, i.e. covering 60% of projected sales for 2014.

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 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.

[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.

Projected Roce



1. ROCE 2014 using a 20% marginal tax rate.

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.

9- Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

10- Significant direct and indirect shareholdings

See point 8.

11- Restrictions on voting rights

There are no restrictions of any kind on voting rights.

12- Shareholder agreements

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

13- Regulations applicable to the appointment and replacement of the members of the board of directors and amendment of the corporate by laws

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d) In the case of independent Directors, where they should incur for any reason in any of the circumstances envisaged by Article 8 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 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

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** ☒

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: Direct shareholder	Indirect voting rights: Number of voting rights	% of the tota 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: Direct shareholder	Indirect voting rights: Number of voting rights	% of the total 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:

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** ☒

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** ☒

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** ☒

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:

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** ☒

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** ☒

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

Yes ☐ **No** ☒

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** ☒

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** ☒

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:

General meeting date	Attendance data				
	% physical presence	% represented	% distance voting		Total
			Electronic vote	Others	
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** ☒

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 ☒ **No** ☐

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, Ignacio	Appointment and Remuneration Committee	Chairman and CEO
Rodríguez-Quiroga Menéndez, Carlos	Appointment and Remuneration Committee	Director-Secretary of the Board of Directors and Legal Counsel

TOTAL NUMBER OF EXECUTIVE DIRECTORS	**2**
% OF THE TOTAL OF THE BOARD	**20**

EXTERNAL PROPRIETARY DIRECTORS

Director's name or company name	Committee which informed his/her appointment	Name or company name of the significant shareholder acting as representative or whoapproved 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

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 (Business School, 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 Board 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 Científicas) he joined, in 1973, the Center of Investigations and Studies of Telefónica, 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 Telefónica Móviles España. In August, 2000, he became member of the Board of Directors of Telefónica, S.A., member of its Executive Committee and Executive Chairman of Telefónica Móviles, 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.

He 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 Mondragón Corporación 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 University 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 Mondragón 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.

OTHER EXTERNAL DIRECTORS

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."

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:

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** ☒

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:

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
	ENCE ENERGÍA AND CELULOSA, S.A.	Chairman
Arregui Ciarsolo, Juan Luis	CARTERA INDUSTRIAL REA, S.A.	Vice Chairman 1º
Lada Diaz, 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 ☒ **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 membe

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)
Etxeberria 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:

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

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

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

Yes ☒ **No** ☐

Amendment description: 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.

Justification and scope of the amendment:

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.

Selection and appointment procedure:

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

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

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

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

Accepted appointments:

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).

Re-election procedure:

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

Held re-elections:

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 ☒ **No** ☐

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."

Occurred resignations:

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 ☒ **No** ☐

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. Appointment of one of the Company's independent directors as Vice Chairman

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. Evaluation of the Chairman and CEO

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

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

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

Yes ☒ **No** ☐

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

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

Yes ☒ **No** ☐

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** ☒

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

Yes ☒ **No** ☐

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** ☒

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** ☒

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 Appointment 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** ☒

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 ☒ **No** ☐

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 ☒ **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** ☒

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

Yes ☒ **No** ☐

	Company	**Group**	**Total**
Amount for other tasks not related to auditing (thousands of euros)		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** ☒

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 ☒ **No** ☐

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 ☒ **No** ☐

Detail of the procedure: Article 37.3 of the by-laws, establishes that *"the convening of the Board of Directors meeting and the sending of the necessary documentation and any sharing of documents among Board members will be via letter, tax, telegram, email or any other digital means allowed by law that ensures correct receipt"*.

Likewise, Article 32.2 a) of the Board of Director's Regulations establishes that directors are required to *"inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong"*.

Additionally, Article 29 of the Board of Director's Regulations empowers the director to *"request any information about the Company they may reasonably need, as long as it is required for the performance of their duties. The right to information shall also extend to the companies of the group, weather national or foreign.*

In order not to disturb the Company's day-to-day management, the exercise of the right to information shall be channeled through the chairman, the chief executive officer or the secretary of the Board".

Last, we point out that Article 20.2 of the Board of Director's Regulations establishes that *"ordinary meetings may be called by means of letter, fax, telegram, e-mail or by any other electronic or telematic method allowed by law that ensures correct receipt, and shall be authorized by the signature of the chairman or the secretary by order of the chairman. The meeting notification shall be issued with at least three days notice. The notification shall include the meeting agenda and all relevant information"*.

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

Yes ☒ **No** ☐

Explain the rules: As indicated in previous Section C.1.21, Article 27 of the Board of Director's Regulation establishes the circumstances in which directors shall offer their position to the Board and formalize their resignation if the Board sees fit.

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

Specifically, the directors must proceed as indicated:

a) "Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations." (Article 27.2 e).

b) "Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporate Companies Law (Ley de Sociedades de Capital) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offence brought by the supervisory authorities" (Article 27.2 f).

c) "Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a director." (Article 27.2 h).

d) "Whenever their continuity on the Board may put the Company's interests at risk (...)," (Article 27.2 i).

e) "When acts attributable to the director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a director of the Company." (Article 27.2 j).

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

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

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

Yes ☐ **No** ☒

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%

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".

Organization

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.

Functioning

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 ☒ **No** ☐

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:

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) 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** ☒

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.

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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 ☒ **Explain** ☐

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

a) Their respective areas of activity and possible business relations between them, as well as relations between the listed subsidiary and other Group companies;

b) The mechanisms in place to resolve possible conflicts of interest that may arise.

See sections: D.4 and D.7

Comply ☐ **Comply partially** ☐ **Explain** ☐ **Not applicable** ☒

3. Although not expressly required under commercial law, transactions involving a structural change in the Company are subject to the approval of the shareholders' general meeting, and in particular the following transactions:

a) The transformation of listed companies into holding companies through subsidization or the incorporation into subsidiaries of essential activities performed up to that time by the Company itself, even though the latter retains full control over them;

b) The acquisition or disposal of key operating assets, when that would effectively alter the corporate purpose;

c) Transactions whose effect would be equivalent to the liquidation of the Company.

See section: B.6

Comply ☒ **Comply partially** ☐ **Explain** ☐

4. The detailed proposals to be adopted at the general meeting, including the information referred to in recommendation 27, are made public at the time of publication of the notice convening the meeting.

Comply ☒ **Explain** ☐

5. In the general meeting voting is separate on those items that are essentially independent so that the shareholders can exercise their voting preferences separately. This rule applies specifically to:

a) The nomination or ratification of directors, with separate voting on each candidate;

b) In the case of amendments to the Bylaws, the rule applies to each article or group of articles that are materially different.

Comply ☒ **Comply partially** ☐ **Explain** ☐

6. The companies allow votes to be divided so that financial agents who are authenticated as shareholders but are acting on behalf of different clients can divide their votes in accordance with the client's instructions.

Comply ☒ **Explain** ☐

7. The Board performs its duties with unity of purpose and independent judgment, affording equal treatment to all shareholders, and is guided by the interests of the Company, understood as maximizing the economic value of the Company in a sustainable manner.

The Board ensures that in the Company's relationship with stakeholders the Company respects the laws and regulations, complies with its obligations and contracts in good faith, respects customs and good practices in the sectors and regions where it operates, and observes any additional principles of corporate responsibility that it has voluntarily accepted.

Comply ☒ **Comply partially** ☐ **Explain** ☐

8. The Board assumes the responsibility, as the core of its mission, to approve the Company's strategy and the organization needed for its implementation, as well as to monitor and ensure that management meets the established objectives and respects the purpose and corporate interest of the Company. To that end, the Board in full reserves the right to approve:

a) The policies and general strategies of the Company, specifically:

i) The strategic or business plan, as well as the annual management objectives and budgets;

ii) The investment and financial policy;

iii) The definition of the structure of the group of companies;

iv) The corporate governance policy;

v) The corporate responsibility policy;

vi) The remuneration policy and performance evaluation of Senior Management;

vii) The risk control and management policy, and the periodic monitoring of internal information and control systems.

viii) The dividend policy as well as the treasury, in particular, its limits

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) At the proposal of the Chief Executive of the Company, the nomination and possible removal of Senior Management and their compensation clauses.

ii) The remuneration of directors and, in the case of Executive Directors, the additional remuneration for their executive duties and other terms set forth in their contracts.

iii) The financial information that the Company must make public due to being listed on the stock exchange.

iv) The investments or transactions of any type that, due to their volume or special characteristics, are strategic in nature, unless their approval corresponds to the general meeting;

v) The creation or acquisition of interests in special purpose entities or entities resident in countries or territories which are considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) The transactions which the Company conducts with directors, significant shareholders or shareholders represented on the Board, or with persons related thereto (related party transactions).

The authorization of the Board shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

1st. They are conducted under contracts whose terms are standardized and that are applied to many customers;

2nd. They are conducted at prices or rates generally set by the person supplying the goods or services concerned;

3rd. The amount does not exceed 1% of the annual revenue of the Company.

It is recommended that the Board approve related party transactions following a favorable report of the audit committee or, where applicable, of any other body that may have been assigned this duty, and the directors involved neither exercise nor delegate their votes, and withdraw from the meeting room while the Board deliberates and votes.

It is recommended that the powers hereby conferred on the Board not be delegated, with the exception of those 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 ☒ **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 ☒ **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 ☒ **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 ☒ **Explain** ☐

12. The number of independent directors represents at least one third of all Board members.

See section: C.1.3

Comply ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 and C.1.43

Comply ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 ☒ **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 section: C.2.4

Comply ☒ **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 ☒ **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.

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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 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.

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(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** ☒

Carlos Rodríguez-Quiroga Menéndez, with national identity card number 276302 a, Secretary of the Board of Directors of "Gamesa Corporación Tecnológica, S.A." with registered office in Zamudio (Vizcaya), at parque tecnológico de Bizkaia, edificio 222 with employer identification number a-01011253

HEREBY CERTIFY:

That the text of the Director's Report for 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 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

Approval of the Chairman

Madrid, 26 February 2014 In witness whereof.

Ignacio Martín San Vicente
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Annual Financial Report statement of responsability

The members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. state that, to the best of their knowledge, the individual annual accounts and the consolidated annual accounts for the fiscal year ended on December 31, 2013, issued by the board of Directors at its meeting of February 26, 2014, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial conditions and results of operations Gamesa Corporación Tecnológica, S.A. as well as of the subsidiaries included within scope of consolidation, taken as a whole, and that the management report supplementing contains a fair assessment of performance and results and the position of Gamesa Corporación Tecnológica, S.A. and of the subsidiaries included within its scope of consolidation, taken a whole, as well as a description of the principal risks and uncertainties facing them.

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

February, 26, 2014.

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

Publisher
Gamesa

Creativity, Design and Production
Running Producción, S.A.

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