

## Siemens and Gamesa to merge wind businesses to create a leading wind power player

- Siemens and Gamesa have signed binding agreements to merge Siemens' wind business with Gamesa
- Businesses are highly complementary with regard to markets, products and technology and will create great value to customers and shareholders
- Siemens to hold a 59 percent stake and consolidate the merged company and existing Gamesa shareholders to hold 41 percent
- Gamesa shareholders to receive a cash payment of €3.75 per share funded by Siemens
- Annual EBIT synergies of around €230 million expected
- The combined company will have its legal domicile and global headquarters in Spain and will remain listed in Spain; headquarters for the onshore division will be in Spain and for the offshore division will be in Germany and Denmark
- Merged company will maintain its strong presence in current markets

Siemens and Gamesa have signed binding agreements to merge Siemens' wind power business, including wind services, with Gamesa to create a leading global wind power player. Siemens will receive newly issued shares of the combined company and will hold 59 percent of the share capital while Gamesa's existing shareholders will hold 41 percent. As part of the merger, Siemens will fund a cash payment of €3.75 per share, which will be distributed to Gamesa's shareholders (excluding Siemens) immediately following the completion of the merger (net of any

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ordinary dividends paid until completion of the merger). The cash payment represents 26 percent of Gamesa's unaffected share price at market close on January 28, 2016.

Additionally, Gamesa and Areva have entered into contractual agreements whereby Areva waives existing contractual restrictions in Gamesa's and Areva's offshore wind joint venture Adwen, simplifying the merger between Gamesa and Siemens. As part of these agreements, Gamesa – in alignment with Siemens – grants Areva a put option for Areva's 50 percent stake and a call option for Gamesa's 50 percent stake in Adwen. Both options expire in three months. Alternatively, Areva can in this time divest 100 percent of Adwen to a third party via a drag-along right for Gamesa's stake.

The new company, which will be consolidated in Siemens' financial statements, is expected to have on a pro forma basis (last twelve months as of March 2016) a 69 GW installed base worldwide, an order backlog of around €20 billion, revenue of €9.3 billion and an adjusted EBIT of €839 million. The combined company will have its legal domicile and global headquarters in Spain and will remain listed in Spain. The onshore headquarters will be located in Spain, while the offshore headquarters will reside in Hamburg, Germany, and Vejle, Denmark.

The two businesses are highly complementary in terms of global footprint, existing product portfolios and technologies. The combined business will have a global reach across all important regions, and manufacturing footprints in all continents. Siemens' wind power business has a strong foothold in North America and Northern Europe, and Gamesa is well positioned in fast-growing emerging markets, such as India and Latin America, and in Southern Europe. Further, the transaction will result in a product offering covering all wind classes and addressing all key market segments to better serve our customer's needs.

“The merger with Siemens constitutes recognition for the work performed by the company in recent years and evidences our commitment to generating value in the long term by creating significant synergies and extending the horizon of our profitable growth. Today, we are embarking on a new era, creating, alongside Siemens, a world-leading wind player. We will continue to work as before, albeit as part of a stronger company and with an enhanced ability to offer all of our customers end-to-end solutions,” said Ignacio Martín, Executive Chairman and CEO of Gamesa.

“The combination of our wind business with Gamesa follows a clear and compelling industrial logic in an attractive growth industry, in which scale is a key to making renewable energy more cost-effective. With this business combination, we can provide even greater opportunities to the customers and value to the shareholders of the new company. The combined business will fit right into our Siemens Vision 2020 and underlines our commitment to affordable, reliable and sustainable energy supply,” said Joe Kaeser, President and CEO of Siemens AG.

Siemens and Gamesa expect significant synergy potentials in a combined setup. In total, annual EBIT synergies of €230 million are expected in year four post closing.

“As a leading wind power player, especially in emerging markets, Gamesa is a perfect partner for us. Teaming up will enable Siemens and Gamesa to offer a much broader range of products, services and solutions to meet customer requirements. The move will put Siemens and Gamesa in the best position to shape the industry for lower cost of renewable energy to the consumers,” said Lisa Davis, member of the Managing Board of Siemens AG.

The envisaged combination is unanimously supported by Gamesa's Board of Directors and Siemens' Supervisory Board. Iberdrola has entered into a shareholders agreement with Siemens and will hold around 8 percent in the combined company after closing of the transaction. The transaction is subject to approval by Gamesa's shareholders and to other customary conditions such as merger control clearances and the confirmation by the Spanish stock market regulator (CNMV) that no mandatory takeover bid has to be launched by Siemens following completion of the merger. Supervision of the merger process has been entrusted by Gamesa to a Merger Committee created ad hoc, which will be made up exclusively of independent directors. Closing is expected in the first quarter of calendar year 2017.

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This press release and further information is available at

<http://www.siemens.com/press/PR2016060295COEN>

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This announcement includes forward-looking statements, such as Gamesa's and Siemens' beliefs and expectations regarding the proposed combination of the Combined Business. These statements are based on certain assumptions and reflect Gamesa's and Siemens' current expectations.

Forward looking statements also include statements about Gamesa's and Siemens' beliefs and expectations related to the proposed Transaction, benefits that would be afforded to customers, benefits to the Combined Business that are expected to be obtained as a result of the proposed merger, as well as the parties' ability to enhance shareholder value through, among other things, the delivery of expected synergies.

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by Siemens and Gamesa

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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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