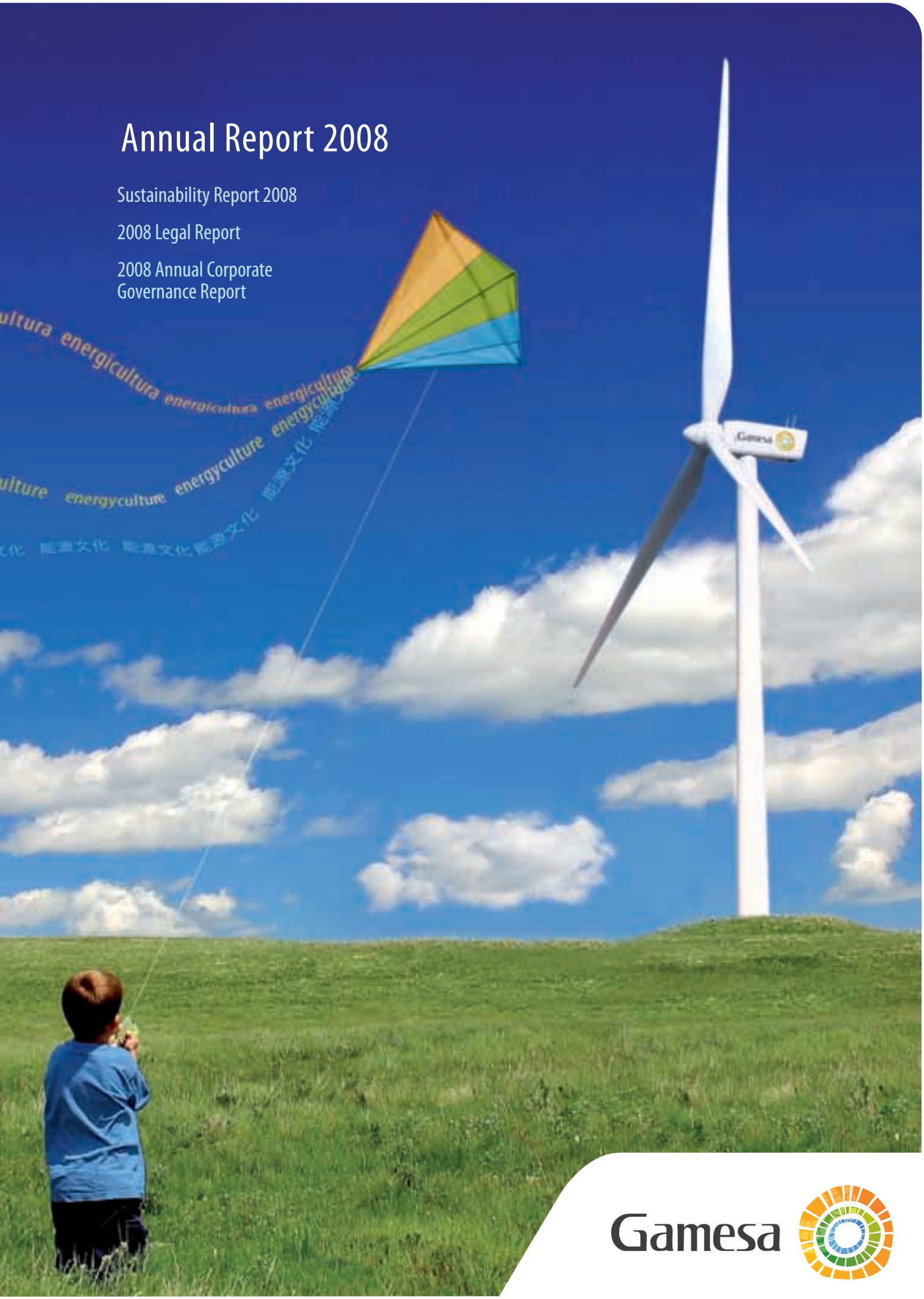
Annual Report 2008

Sustainability Report 2008

2008 Legal Report

2008 Annual Corporate Governance Report



Gamesa

Sustainability Report 2008

Gamesa

Gamesa

Sustainability Report 2008

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Gamesa is creating this project with your commitment

2008 was for Gamesa a point of inflection, marking the culmination of a three-year transformation process as mapped out in the 2006-2008 business plan. Gamesa has achieved its growth, profitability and financial strength objectives, laying a firm foundation to face the new horizon. The environment is complicated but offers opportunities for sustainable development.

We are all aware of the immediate difficulties for any economic activity and of the need to generate and distribute wealth in the midst of a crisis. In Gamesa's case, we can count on our proven capacity to create – on our innovation impulse – to face the situation and renew our success. We have already initiated a new business cycle, with our sights set on 2011 and sustained by growth perspectives for wind energy worldwide.

Gamesa undertakes a new transformation. We can count on the same force and the same reliability that brought us here as well as renewed strength in our proven ability to create wealth, teams, communities and commitment – the bases for creating an economically, socially and environmentally sustainable future. In 2008, our ability to create through innovation took us to new heights: net profit (including discontinued operations) and earnings per share hit a maximum in the Corporation's history at 320 million euros and 1.32 euros per share, allowing the Board of Directors to propose a brute dividend of 0,20 euros per share. Regarding the continued activities, sales reached 3651 million euros, or 27% more than in the previous year, while the operating margin (EBITDA) was 495 million euros, or 40% higher. Thanks to our results, we have greatly improved our financial strength: the target was a maximum of 2.5 times consolidated EBITDA, and in fact this debt ratio has been reduced to 0.1. These figures represent the culmination of a three-year transformation during which operating margin annual growth reached 18% and we generated 1,000 million euros in cash.

Circumstances as we complete the 2006-2008 cycle are very different from those faced when we initiated the Corporation's transformation. Likewise, the severe economic and financial difficulties worldwide, marking the beginning of a new stage, might bear little resemblance to the situation when we culminate the next cycle in our transformation. Nevertheless, in reaching that new horizon, we must traverse this unstable path. The ability of companies to adapt will determine who reaches firm ground first. For the wind energy sector, mid- to long- term perspectives are determined by objective data. Firstly, wind energy is the axis of a new energy culture, which we are all in a position to extend, as suggested by Global Wind Energy Council forecasts. GWEC anticipates that cumulated wind energy will double from 120 GW at end 2008 to the 228 foreseen in 2011, and that installation rates will also double from the 27 GW registered last year to reach 56 GW in 2013. Gamesa has dubbed this new era "Energyculture" – a new relationship with our surroundings, generating energy efficiently and sustainably – based on interests shared with administrations worldwide, who have seen a partner and a reference in Gamesa. This standing is not surprising, since the Corporation has installed more than 16.000 MW of our main product lines in 24 countries on four continents. The power generated by these Wind Turbine Generators each year is equivalent to 3.45 million tons of petroleum (TEP) and avoids the emission of 24 million tons of CO2/year.

Through the 2006-2008 Business Plan, the Corporation has succeeded in focusing on wind energy, and therein, in its strategy to focus on high value-added activities and

technological differentiation – Wind Turbine Generator manufacturing. In this Business Unit, the operating margin reached a 40% annual growth rate in the period. Its performance in the past year took sales to 3,684 MWe, doubling the 1,783 MW starting reference for 2006-2008. Improvements in customer delivery compliance, thanks to improved component supply synchronization and

reduced cycle times, have been fundamental to achieving these results. International markets grew to 61% of sales and efforts in technology development remained a priority: in 2008, a most significant milestone was the assembly of the new G10X product platform prototype at a wind farm. This 4.5 MW Wind Turbine Generator is the largest built in Spain and constitutes an innovation leap, keeping Gamesa at the vanguard in its sector.

Strategically complementing this focus, in 2008 the Wind Farm Promotion & Sales Unit initiated its new path to value creation. Growth in installations allowed this activity to achieve in the last three years a volume equivalent to total MW developed in the previous decade. In 2006-2008, more than 450 MW per year were started up. Value creation at this Business Unit will be furthered during the new phase in the Corporation's transformation, as designed for 2009-2011 and culminating in 2011. The linchpin of this new strategy is the agreement reached between Gamesa and Iberdrola Renovables, to create two joint ventures integrating Wind Farm promotion, development and operation activities in Spain and continental Europe. The deal was approved by the European Union Competition Authorities in December, meaning it can be developed and materialized throughout 2009. The strategy will be extended to create value for Gamesa's USA Wind Farm activities through alliance with a partner for promotion and operation. In focusing on the wind energy sector, the Corporation announced the sale of its Solar division on February 28, and the operation was effectively closed on April 23 for 261 million euros.

Wind Energy's potential has been perceived in terms of energy independence and economic regeneration. On the one hand is wind energy's ability to create employment and economic activity: in the last five years, the sector has created 33 new jobs daily in the European Union, and forecasts indicate that the sector will employ 325,000 Europeans in 2020, creating 15 jobs for each MW installed. On the other, wind's contribution to energy independence versus the volatility of international fossil fuel markets: stable alternatives reducing energy dependence are required in the face of price instability, sensitivity to geopolitical tension and the concentration of limited supplies. Currently only wind energy provides the response, thanks to its technological development and its profitability – the ability to provide an immediate return on investments. The powers aspiring to leadership in overcoming the difficulties in these times – with the United States of America and China at the forefront – have recognized wind's potential, and they are promoting initiatives to develop wind energy, including associated economic assignments. Gamesa is catching this train from a position in the vanguard, thanks to its international presence and consolidation throughout the last three years in these strategic markets, where as of 2008 our production facilities were fully operational and we have added 3,600 employees. People – their creativity and initiative – sustain Gamesa's development. Thus, their health and safety are a priority. Also a component in measuring our success, this priority allowed us to reduce by 54 % the frequency of accidents causing absence, taking us closer to our objective of "zero accidents", because health and safety are a pillar of the Energyculture.

In the last year, we have practically doubled our order portfolio, with 5,500 new MW, of which the largest order in the sector's history – a 4,500 MW agreement signed with Iberdrola Renovables – is especially noteworthy. Nevertheless, and despite the fact that the Corporation has visibility on an order portfolio with a total volume of 11,700 MW through 2012, we are far from satisfied. For Gamesa, being in the vanguard continues to mean a capacity to create through innovation. This holds true more than

ever when demand contracts due to financial difficulties facing any productive activities and when supply increases, as is the current situation. In this context, once again, the response is continuous improvement. Firstly, through technological innovation – with Gamesa's G10X 4.5 MW as the most evident output. Furthermore, improvement in costs – essential to guaranteeing competitiveness without sacrificing profitability. Gamesa continues its programs to optimize operating costs, many of which have already been launched. Their implementation will permit significant improvements both in terms of competitiveness and energy production efficiency. Finally, improvement of course includes our customer-oriented strategy, as a result of which we have been able to perform so well during the first phase of our transformation. This strategy must also adapt to new conditions, integrating new products and new markets while keeping in sight the products and markets that continue to be strategic: Europe and the Mediterranean, the United States of America and Asia. Gamesa's improvement processes are geared to responding to the new wind scenarios as forecast by experts, which indicate growth in the mid- to long- term, for which Gamesa must continue increasing its Wind Turbine Generator manufacturing capacity from the already record levels achieved in 2008 to the even more ambitious 6,000 MW per year we expect to reach as we culminate the next business cycle in 2011.

This panorama is exciting on the long term but must be realistic for the short- to mid- term. We must manage a demand contraction scenario, and to do so, we must be meticulous in our day-to-day performance: capable of responding to peaks in demand and flexible enough to adjust output during valleys along the curve caused by the financial crisis. 2009 is the first year in a new transformation phase for Gamesa Corporación Tecnologíca, and it will be a year for consolidating the great progress achieved thanks to our 2006-2008 Business Plan in terms of production capacity, market position and economic performance. To deliver results, we can rely on the people who make up the company as well as collaboration from our customers, suppliers, shareholders and other partners, all of whom we must thank for having made it possible to reach our current position and whom we invite to continue accompanying us as we reach new heights. With their help – through efficiency in managing our resources, an ability to understand and adapt to market conditions, differentiating technological innovation in our products – our capacity for transforming our socio-economic environment and our corporation are an asset on which Gamesa relies to overcome today's uncertain scenarios and create tomorrow's success.

Guillermo Ulacia Arnaiz
Chairman and Chief Executive Officer

The present report has been drawn up applying Global Reporting Initiative's recommendations, conforming to the GRI 2006 guide, and it presents the organization's economic, social and environmental performance in a reasonable and balanced manner.

KEY INDICATORS	2008	2007	2006	2005
Financial Indicators				
Turnover MM€ (*)	**3.834**	3.070	2.401	1.745
MW equivalent sold (**)	**3.684**	3.289	2.250	1.783
EBITDA MM€ (*)	**530**	442	411	329
Net Income from continuing operations MM€ (*)	**177**	202	200	179
Consolidated Net Income MM€	**320**	220	313	133
ROCE %	**15%**	16%	13%	12%
NFD/EBITDA	**0,1x**	0,4x	1,6x	3,32x
Stock Price at Dec. 31st €	**12,74**	31,98	20,85	12,36
Earnings per share €	**1,32**	0,90	0,82	0,55
Dividend per share (€/share)	**0,23**	0,21	0,16	0,158
PER	**9,68**	35,4	25,36	22,58

(*) Includes promotion and sales of wind farms as continuing operations.

(**) We understand MW equivalent sold data according to accounting criteria. For further details consult de Management Report within the Legal Report 2008

Social Indicators				
Staff	**7.187**	6.945	5.420	8.188
Frecuency Rate	**9,15**	20,06	26,80	38,62
Severity Rate	**0,19**	0,30	0,40	0,70
% International staff	**32%**	33%	22%	5,97%
% Women in staff	**25%**	22%	24%	22%
% Open-ended contracts	**72%**	68%	70%	62%
Training hours/employee	**32,79**	24,10	12,54	-
Average seniority (years)	**4,06**	3,8	2,5	3,5
Average age (years)	**34**	33	36	33

Environmental Indicators				
Raw materials (t/MM€)	**47**	43	53	67
Energy consupmtion (GJ/MM€)	**354**	396	395	430
Water consupmtion (m3/MM€)	**31**	37	27	39
Waste generation (t/MM€)	**5**	5	4	6
Dump generation (m3/MM€)	**13**	20	20	38
CO2 emissions (t/MM€)	**17**	19	13	16
Avoided CO2 emissions (t/MM€)	**1.239**	1.467	1.405	1.532

CRS Indicators				
Dow Jones Sustainability Indexes- World	✓	✓	-	-
Dow Jones Sustainability Indexes- STOXX	✓	✓	-	-
FTSE4Good	✓	✓	✓	✓
KLD Global Climate 100	✓	✓	✓	-

GAMESA creates COMMITMENTS

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Welcome to the Energyculture Era

Gamesa successfully culminated

a transformation cycle that has led, among other things, to Gamesa Corporación Tecnológica focusing on energy sustainability

GAMESA AND THE ENERGYCULTURE

[1.2] The use of energy lies behind the origin of human development as we know it. At the same time, it is also the source of many of the environmental, geopolitical and economic problems faced by mankind. Reaching a suitable sustainable development model is the 21st century's greatest challenge. Aware of this challenge, Gamesa accepts it and incorporates it into its day-to-day activities. Within this context, Gamesa views itself as a multinational corporation dedicated to developing and applying advanced technologies in the fields of wind energy and energy efficiency which is committed to a new culture of energy called the "Energyculture" that manifests itself in the efficient contribution to economic and environmental sustainability.

Committed to the Energyculture as a new cultural revolution in the way natural resources as well as scientific and technical capacities are managed in the field of energy, the Corporation organized its presentation to the public in May 2008, which was reinforced by an awareness raising campaign using the slogan "Welcome to the Energyculture Era", along with the creation of a specific section in the corporate website and a You Tube channel, where the video on the "Energyculture" produced by the Corporation can be seen. To supplement this, a worldwide online campaign was conducted to promote and consolidate the concept, which had some excellent quantitative and qualitative results. Around a thousand adverts were placed in online media throughout the world, mainly in Europe, China and the United States.

Image from the "Energyculture" campaign

GAMESA'S NEW VISUAL IDENTITY

Constant innovation has been the hallmark of the Company's identity since it was set up more than 30 years ago and it continues to be so today, when its activities are immersed in the development of wind energy and the "Energyculture". Making the reality of this corporate identity visible involves adapting the Corporation's image so that it can be properly identified by society.

This new visual identity began to be deployed in the first quarter of 2008. It includes three concentric rings made up of irregular fragments, in the same way the people making up Gamesa are different. However, those people give form and cohesion by closing the circle of what they are along with the person to his/her side, enabling them to adapt to their environment with the belief that diversity makes them stronger. It is the very strength that has allowed the Company to make the leap from its local market to the global markets.

Another distinctive feature of the new corporate identity is its colors. Starting off from within, the logo contains a blue ring, which is linked to the wind and represents the Company's core business, namely the wind energy market. Further beyond its main business, the Company's commitment extends to include energy and economic sustainability, seeking the planet's sustainable development, symbolized by the ring in greenish tones. The outer orange ring represents people, including employees, suppliers, customers and the communities where the Company carries out its activities.

OUR CORPORATE VALUES

[4.8] Gamesa Corporación Tecnológica's Mission is to create and distribute wealth and quality of life among whoever may interrelate with it in the economic, social and environmental spheres. Along with this Mission and to ensure it is complied with, the Company has the Vision to lead the development of technology solutions for efficient and sustainable energy management. The Company's Mission and Vision inspire all the actions that have to be carried out and guide them from the standpoint of a series of constant Values within the Corporation: sustainability, quality, technology and leadership.

Total quality the first time around through world renowned processes is the essence of Gamesa's management. In the same way, technology is the driving force behind its progress. The Company works on innovation and continuous improvement to attain technological excellence in its products, processes and systems. The result of all this is that the Company is the market leader of the Spanish wind energy market and one of the world's leading wind turbine manufacturers.

The Corporation identifies itself with sustainability and through it with the variables of sustainable development, as defined by the United Nations in the Brundtland Report with its three components: the Social component (sustainable for people), the Economic component (sustainable due to being profitable) and the Ecological component (sustainable from the standpoint of its ecological footprint).

EFFICIENCY	Optimizing profitability for shareholders in the long-term in a sustained manner.
REPORTING	Disclosing any information investors may need in order to take decisions on the acquisition of obligations and rights or to purchase shares in a timely manner, appropriately and in keeping with the principle of equal treatment.
EQUITY	The Company's ordinary shares should respect the basic principle of one share, one vote.
ACCOUNTABILITY	The Board of Directors should be held accountable before all shareholders.
BOARD OF DIRECTORS	Information about the identity of Directors, their recruitment process, competencies, professional background and matters that could affect their independence should be disclosed.
CODES	Any codes of good practices should be effectively applied whenever they may exist.

RESPONSIBLE MANAGEMENT: BODIES OF CORPORATE GOVERNANCE

Gamesa's concern for improving all aspects connected with Corporate Governance is constant, as can be seen in the statement made by the Chairman and CEO at the Ordinary Annual General Shareholders' Meeting held on May 30, 2008, *"a high level of transparency and corporate governance practices that reinforce the trust of our shareholders and investors are essential in a globalized economic environment. Over the past year, we have gone further in this task. In this regard, the main changes have been aimed at reinforcing shareholder rights and encouraging them to actively participate at General Shareholders Meetings, as well as at improving the organization the Board of Directors and its Commissions and how they work. Thus, the requirement of holding a minimum number of shares in order to be able to attend and vote at the General Shareholders Meeting which was in effect in preceding years, has been eliminated, so that whoever may own a single share in Gamesa can exercise such rights for the very first time at this General Shareholders Meeting 2008. Splitting the vote is also possible for the very first time this year, so that financial intermediaries who appear as shareholders but who act on behalf of different clients can split their votes in keeping with the latter's instructions. I would also like to highlight the significant activities performed by the Board of Directors and its Committees, the Audit and Compliance Committee and the Appointments and Remuneration Committee. The Board of Directors' suitable composition in terms of numbers and quality has allowed it to function in an agile manner and work intensely. It is worth mentioning the improvements agreed upon for the rules and practices of Corporate Governance as the fruit of such activity. These improvements have allowed us to attain a high level of compliance with the recommendations contained in the Code of Good Governance, a sphere in which we appear as one of the best considered companies in the different rankings drawn up by independent analysts and consultants".*

Taking the broad meaning of the term "Corporate Governance" and as a reflection of the interest and concern Gamesa has for Good Corporate Governance, we set out below the following aspects that can serve as a reference for continuous sustainable improvement.

EFFICIENCY

Making shareholder profitability efficient or optimizing it in a sustainable manner in the long-term, as trust in the relationship with shareholders is our basic principle for action.

This notion is reflected in Article 6 of the Board of Directors Regulations, "the criterion that must at all times govern the Board of Directors' actions is the Company's corporate interest, which is materialized in maximizing the Company's value in a sustained fashion, to which purpose the Board shall set and

review the Company's business and financial strategies". This commitment taken on by the Board is set forth in the Activity Report *(see Section on Investor Relations on page 69 for further details).*

REPORTING

Transparent reporting under the principle of equal treatment is one of the basic pillars of good Corporate Governance, in as much as it allows shareholders and investors to have symmetrical accessible knowledge about any circumstances that could reasonably affect the Company's value.

Reporting Transparency

Gamesa's Annual Corporate Governance Report (hereinafter "ACGR") for 2008 is characterized by the fact that it not only contains obligatory information required by applicable legislation (Law 26/2003 of July 17 and Order ECO/3722/2003 of December 26 and its development in Circular 1/2004 of March 17 issued by the CNMV [Spanish acronym for the National Securities Market Commission] and the subsequent Circular 4/2007 of December 27 amending the format of annual corporate governance reports for listed corporations) but also additional information voluntarily supplied by the Company in order to gain greater transparency in keeping with good Corporate Governance practices. Thus, Section g) of the ACGR contains additional information to help shareholders and the markets in general gain more accurate information with a greater scope on relevant matters having to do with the Corporation's responsible governance and management.

Website

As is the case with the ACGR, the Company's website does not only contain the information required by legislation (Law 26/2003 of July 17 and Order ECO/3722/2003 of December 26 and its development in Circular 1/2004 of March 17 issued by the CNMV) but also copious information that is of interest to shareholders and investors, as well as any news items having to do with the Company's activities. The Gamesa website underwent an important transformation during 2008 (see the Section on the Website on page 78 for further details) in order to promote its use as a reporting tool by differentiating between obligatory and non-obligatory contents.

The Company conducted a monthly review of obligatory contents (in compliance with internal rules on the maintenance and updating of the Corporate Website) throughout 2008. Whenever it was necessary, the website was updated within a maximum of twenty days. In addition, the Internal Auditing area drew up a report on the Corporate Website and brought it before the Audit and Compliance Committee. Such report, along with its corresponding Action Plan, was brought before the aforementioned Committee at the meeting it held on November 26, 2008.

The contents having to do with the General Shareholders' Meeting stand out among these obligatory contents. [4.4].

As a matter of fact, one of the moments when the Corporate Website becomes particularly important as a reporting tool is when the Ordinary General Shareholders' Meeting is called.

The Company worked intensely to ensure a section entitled "General Shareholders' Meeting" was available on the Corporate Website after the resolution to call the Ordinary General Shareholders' Meeting to be held in Vitoria on May 29 and 30 at its first and second notice of meeting respectively was taken by the Board of Directors at its meeting held on April 15, 2008. This section included all the documents required by shareholders, so they could properly inform themselves on the matters that would be submitted for their deliberation.

Gamesa's website has undergone an important transformation in order to promote it as a reporting tool, differentiating between mandatary and non-mandatary contents

The above-mentioned documents were placed at the shareholders' disposal both in Spanish –as legally required– and in English, in keeping with the markedly international profile of our shareholders.

The electronic voting mechanism was equally bilingual. Suitable mechanisms to exercise the rights to remote information, voting and proxy voting have been available to shareholders since the General Shareholders' Meeting held in 2005. For the first time in 2008, such mechanism was made available to shareholders in both Spanish and English from the very moment of notice of the meeting's publication.

Lastly, immediately after the General Shareholders' Meeting came to an end, the relevant disclosure was sent to the National Securities Market Commission (CNMV) and details on the meeting's course, composition and resolutions, detailing the votes of each of the points on the Agenda, were posted in both Spanish and English on the Company's Website.

Relevant Disclosures

Article 82, paragraph 2 of Law 24/1988 of July 28 on the Securities Market sets forth the obligation of issuers of securities to immediately disseminate to the markets any relevant information by giving the National Securities Market Commission *(Comisión Nacional del Mercado de Valores – CNMV)* notice thereof.

This legal requirement is strictly complied with by Gamesa, thereby ensuring that sensitive information as regards its share price is available on time and that it is truthful, clear and complete, as well as quantified whenever the nature of the information may so require.

Gamesa likewise follows the recommendations laid down by the National Securities Market Commission as regards the management of news and rumors about listed shares, as well as the guidelines for action concerning the transmission of privileged information.

Lastly, to end this section dedicated on reporting, we should highlight that information not only flows outward but that an ongoing effort is being made to ensure it flows within the organization, so that the Company's workforce, as a group of stakeholders, is suitably informed about any issues that may affect the Company. [4.4]

EQUITY

[4.1] The principle of equal treatment for shareholders has been mentioned above. Under equivalent circumstances, the rights of shareholders should be identical.

General Shareholders' Meeting 2008.

In this regard, we should highlight that there are no internal provisions in the Company's internal bylaws that privilege some shares to the detriment of others. All the Company's shares entitle their holders to the same voting and economic rights, thereby complying with Recommendation No. 1 of the Unified Code of Good Governance *(Código Unificado de Buen Gobierno)* (see the Annual Corporate Governance Report for further details).

In keeping with this principle, the requirement of holding a minimum number of shares in order to be able to attend and vote at the General Shareholders Meeting, which was in effect in preceding years, has been eliminated, so that whoever may own a single share in Gamesa could exercise such rights for the very first time at this General Shareholders Meeting 2008.

Mentioning the right to attend such meetings allows us to comment on our shareholders' high levels of attendance at General Shareholders' Meetings.

Among others, these high levels of attendance were due to the efforts made by the Company, and more specifically by the Shareholder Information Office and the Investor Relations team, to encourage such attendance.

ATTENDANCE AT THE GENERAL SHAREHOLDER'S MEETING

	GENERAL SHAREHOLDERS MEETING 2008				GENERAL SHAREHOLDERS MEETING 2007			
	Shareholders		Shares		Shareholders		Shares	
	No.	%	No.	%	No.	%	No.	%
Presents	20	0.07	59,487,014	24.45	124	0.36	110,463,498	45.40
Through proxies	1,767	5.76	107,964,829	44.38	1,215	3.55	41,867,958	17.21
TOTAL	1,787	5.83	167,451,843	68,83	1,339	3.91	152,331,456	62.21

Whoever held a single share in Gamesa was entitled to exercise their entitlement to attend and vote at the General Shareholders' Meeting 2008

Two relevant circumstances have to be related in order to properly assess the figures set out above. On the one hand and contrary to what is common in the Spanish financial market, a high proportion of Gamesa's capital is free-float stock when compared to the Ibex 35 average, as can be seen in the following table [1].

Free Float	
Gamesa as of May 30 2008	IBEX 35
63%	46%

On the other hand, the greater attendance of shareholders at the Annual General Shareholders' Meeting 2008 was achieved in a situation in which the Board of Directors had a lower stake in the Company's stock, as can be seen in the table below:

BOARD'S STAKE IN THE COMPANY'S CAPITAL

GENERAL SHAREHOLDERS MEETING 2008		GENERAL SHAREHOLDERS MEETING 2007	
Attendance	Board's Stake	Attendance	Board's Stake
68.83%	0.465%	62.61%	15.245%

To conclude, a combined analysis of the tables above reveals that shareholder attendance at the Ordinary General Shareholders' Meeting 2008 increased despite the high percentage of free-float capital and the Board of Director's limited stake in the Company's stock.

BOARD OF DIRECTORS

[4.1], [4.2], [4.3], [4.5], [4.6], [4.7], [4.8], [4.10] Gamesa's Board of Directors is the Company's highest decision-making and control body and is in charge of examining and authorizing all relevant transactions, apart from any competencies reserved for the General Shareholders Meeting by the Law and the Bylaws. It exercises the responsibility of oversight, which cannot be delegated, and sets overall strategies. The Board is ultimately responsible for identifying the main risks affecting the Company, as well as for implementing and monitoring the main internal control and information systems that may be appropriate.

(1) Source: CNMV Report on Annual Corporate Governance Reports Issued by IBEX 35 Companies in 2007.

The composition of the Gamesa Board of Directors as of December 31, 2008 was as follows:

BOARD OF DIRECTORS					
Office	Name	Category	Representing	Date first appointed	Date last appointed
Chairman and CEO [4.2] (2)	Mr. Guillermo Ulacia Arnaiz	Executive Director	N/A	13/12/2005	25/05/2007
Deputy Chairman	Mr. Jorge Calvet Spinatsch	Independent Director [4.3] (3)	N/A	07/10/2005	25/05/2007
Members	Mr. Juan Luis Arregui Ciarsolo	Director Representing a Significant Shareholder	Iberdrola, S.A	28/01/1976	25/05/2007
	Mr. Santiago Bergareche Busquet	Independent Director [4.3]	N/A	02/11/2005	25/05/2007
	Iberdrola, S.A (4) (Mr. José Miguel Alcolea Cantos)	Director Representing a Significant Shareholder	Iberdrola, S.A	26/06/2008	26/06/2008
	Mr. Pascual Fernández Martínez	Independent Director [4.3]	N/A	25/05/2007	25/05/2007
	Mr. José María Vázquez Egusquiza	Independent Director [4.3]	N/A	25/05/2007	25/05/2007
	Mr. Pedro Velasco Gómez	Director Representing a Significant Shareholder	Iberdrola, S.A	16/11/2007	16/11/2007
Secretary to the Board and Director	Mr. Carlos Rodríguez-Quiroga Menéndez	Executive Director	N/A	27/09/2001	25/05/2007
Deputy Secretary Director	Mr. Carlos Fernández-Lerga Garralda (5)	Other Non-Executive Directors	N/A	07/10/2008	07/10/2008

(2) The concentration of powers arising from the vesting in a single person of the offices of Chairman and Chief Executive Officer is offset with the existence of an Independent Deputy Chairman vested with the powers set forth in Article 9.4 of the Board of Directors Regulations; the absence of the Chairman and CEO at meetings held by the Audit and Compliance Committee and by the Appointments and Remuneration Committee, which necessarily have to comprised of Non-Executive Directors (see Articles 14.1 and 15.1 of the Board of Directors Regulations); and the attribution to the Board of the basic responsibilities set forth in Article 5.4 of the Board of Directors Regulations. [4.2]
(3) Article 7.1.c) of the Board of Directors Regulations defines Independent Non-Executive Directors as those appointed for their personal and professional backgrounds and who can perform their functions without being conditioned by their relationships with the Company, its significant shareholders or senior management. See Article 7.2 of the Board of Directors Regulations and Definition 5 of the Unified Code of Good Governance. [4.3]
(4) The appointment of Iberdrola, S.A. as a member of the Gamesa Board of Directors was agreed upon by cooption by the Board of Directors at its meeting held on June 26, 2008. At that same meeting, it was resolved to accept the resignation tendered by the company Corporación IBV, Servicios y Tecnologías, S.A. from its Directorship.
(5) The appointment of Carlos Fernández-Lerga Garralda as a member of the Gamesa Board of Directors was agreed upon by cooption by the Board of Directors at its meeting held on October 7, 2008. At that same meeting, it was resolved to accept the resignation tendered by Mr. Juan Carvajal Argüelles from his Directorship.

The personal and professional backgrounds of Board members appear in the Annual Corporate Governance Report and are posted on the Company's website.

Likewise, their appointment to office is disclosed through a relevant disclosure to the National Securities Market Commission.

Pursuant to the provisions set forth in Article 13.1 of the Board of Directors Regulations, the Board may set up an Executive Committee empowered with general decision-making powers or specialized committees for specific areas of activity, such as the Audit and Compliance Committee and the Appointments and

Gamesa's centre in Sarriguren, Navarre (Spain).

Remuneration Committee, having the power to provide information and advice as well as put forward proposals.

Gamesa has the following standing Committees:

a) The Audit and Compliance Committee has been entrusted with assessing the suitability and integrity of Gamesa's internal control systems, among other functions, by the Board of Directors. It oversees the identification, measurement and control of risks. It likewise ensures that the financial information disclosed to investors, market players and the supervisory authorities of the Securities Market on a regular or periodic basis is correct. The Committee is supported by the Internal Auditing Department when it comes to assessing and improving existing internal controls.

Its composition as of December 31, 2008 was as follows:

AUDIT AND COMPLIANCE COMMITTEE			
Office	Name	Type of Director	Representing
Chairman	Mr. Jorge Calvet Spinatsch	Independent Director	N/A
Members	Mr.Pedro Velasco Gómez	Director Representing a Significant Shareholder	Iberdrola, S.A.
	Mr. José María Vázquez Egusquiza	Independent Director	N/A
Secretary (non-member)	Mr. Carlos Fernández-Lerga Garralda	Other Non-Executive Directors	N/A

b) Among other functions, the Appointments and Remuneration Committee has been entrusted by the Board of Directors to assess the background of the most suitable candidates put forward to form part of the Company's management and representative bodies, putting forward or proposing their appointment, reappointment, ratification or dismissal, as the case may be, by taking into consideration the candidates' honorability, solvency, competence and experience, as well as ensuring that recruitment procedures do not suffer from any implicit discriminatory biases.

It is also responsible for overseeing the Company's remuneration policy and takes part in approving senior management's salary bands and schemes, as well as setting incentive schemes covering several years.

Its composition as of December 31, 2008 was as follows:

APPOINTMENTS AND REMUNERATION COMMITTEE			
Office	Name	Type of Director	Representing
Chairman	Mr. Pascual Fernández Martínez	Independent Director	N/A
Members	Mr. Juan Luis Arregui Ciarsolo	Director Representing a Significant Shareholder	Iberdrola, S.A.
	Mr. Santiago Bergareche Busquet	Independent Director	N/A
Secretary (non-member)	Mr. Carlos Fernández-Lerga Garralda	Other Non-Executive Directors	N/A

Remuneration

As regards the remuneration of Directors and senior management, see sections B.1.11 and B.1.12 of the Annual Corporate Governance Report 2008 and their corresponding references

in Section G, along with the Company's "annual accounts" and the annual report on its remuneration policy. [4.5]

More specifically, in addition to meeting financial targets, the variable remuneration of the Chairman and CEO as well as that of Gamesa's senior management and executives is linked to meeting other social targets, such as occupational health and safety.

Avoiding Conflicts of Interest

Information concerning the mechanisms established to detect, determine and resolve any possible conflicts of interest between the Company and/or its Group and its Directors, executives or significant shareholders is available in Section C.6 of the Annual Corporate Governance Report 2008. [4.6].

Article 29 of the Board of Directors Regulations sets forth an obligation of no competition. Directors being involved in any of the circumstances of culpability or prohibition set forth in prevailing legislation, the Corporate Bylaws and such Regulations shall be a cause for dismissal from office.

Furthermore, as is indicated in Section C.5 of the aforementioned report, Directors who were involved in a situation of conflict of interest did not taken part in any meetings of the Board of Directors which deliberated on and, should it have been the case, adopted resolutions on transactions with significant shareholders of the Company and consequently did not take part in such deliberations, votes, decisions or in the execution of the relevant resolutions in accordance with the procedure set forth in Article 30 of the Board of Directors Regulations.

Gamesa Building in Madrid (Spain).

Suitability of Directors

See Section B.1.19 of the Annual Corporate Governance Report 2008 for the procedures used to appoint, reappoint, assess and dismiss directors. [4.7] [4.10]

Pursuant to Article 17 of the Gamesa Corporación Tecnológica, S.A. Bylaws and Article 18 of the Board of Directors Regulations, the Members of the Board are "appointed by the General Shareholders' Meeting". However, "should vacancies arise during the term for which they were appointed, the Board may appoint among the shareholders the individuals to fill such vacancies until the next General Shareholders' Meeting is held" and always in accordance with the provisions contained in the Corporations Law and the Corporate Bylaws.

Pursuant to Articles 15.4. a) and 18.2 of the Board of Directors Regulations, any Director appointment proposals the Board of Directors submits for consideration to the General Shareholders' Meeting and the appointment decisions it may take by virtue of the powers of cooption that are legally attributed to it shall be preceded by the relevant report issued by the Appointments and Remuneration Committee in the case of Independent Directors and after having received a report from such Committee in the case of all other Directors. However, the Board may ignore the reports. In such an event, it shall have to justify the reasons for its decision and reflect its reasons in the minutes.

Article 19 of the same Regulations additionally states that, "the Board of Directors and the Appointments and Remuneration Committee shall make an effort within the sphere of their competencies to ensure that the proposal and appointment of candidates shall fall on individuals of renowned honorability, solvency, competence and experience. They shall take special care regarding the individuals called upon to fill the positions of Independent Directors.

In the case of Directors who are legal persons the individual who represents them to exercise the functions of the office shall be subject to the conditions of honorability, solvency, competence and experience set forth in the preceding paragraph and shall be held personally accountable for the Directors' duties set forth in these Regulations."

Lastly, Article 15.4 m) of the Board of Directors Regulations attributes the Appointments and Remuneration Committee with the responsibility of ensuring that the recruitment procedures do not suffer from any implicit biases due to any reason whatsoever when any new vacancies in the Board of Directors are filled.

Ammendment of the Corporate Bylaws and Regulations

Over the course of 2008, the Board of Directors and its standing committees finalized the task of adapting the Company's internal regulations (which began in 2007 with the amendment of the Corporate Bylaws and the General Shareholders' Meeting Regulations) to the recommendations contained in the Unified Code of Good Governance without infringing the aforementioned functions [6]. [4.5]

More specifically, the Board of Directors approved the amendment of its Regulations at its meeting held on January 24, 2008.

At the proposal of the Audit and Compliance Committee, the Board of Directors likewise approved the amendment of the Audit and Compliance Committee Regulations at its meeting held on October 21, 2008 in order to adapt the wording of such Regulations to the amendments made to the Board of Directors Regulations and to the contents of the Unified Code of Good Governance.

The Internal Code of Conduct Regarding the Securities Market was also reviewed and updated at the same meeting at the Audit and Compliance Committee's proposal.

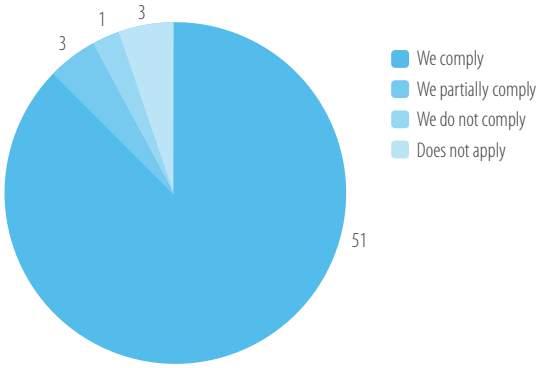
CODES OF GOOD GOVERNANCE

Reference is made under this heading to the necessity of complying with the codes of good business practice whenever they may exist.

As has been indicated above, the process of adapting the Company's internal regulations to the recommendations contained in the Unified Code of Good Governance began in 2007 and came to an end in 2008.

The level of compliance [7] after this process is shown in the next graph:

Compliance with Codes of Good Governance 2008
Percentage Compliance: 95%



(6) The amendment of both the Board of Directors Regulations and that of the Audit and Compliance Committee Regulations was carried out with the advice provided by independent experts.

(7) A value of one (1) was applied to recommendations that were complied with, a value of zero point five (0.5) to those that were partially complied with and a value of zero (0) to those that were not complied with in order to calculate the percentage. Recommendations that did not apply were discarded from the total.

Gamesa offices in Oxford Valley, Pennsylvania, USA.

ETHICAL BUSINESS MANAGEMENT

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF CONDUCT

[HR0] The Board of Directors' commitment in favor of Corporate Social Responsibility (CSR) is clearly stated in Article 39 of the Board of Directors Regulations. Paragraphs 1 and 2 of said Article set forth that, *"aware of the Company's responsibility to society as a whole, the Board of Directors shall undertake to ensure that its activity is performed in keeping with a set of values, principles, criteria and attitudes geared to the sustained creation of value for shareholders, employees, customers and society as a whole".*

[4.8] [4.9] These principles of Corporate Social Responsibility represent the ethical values and basic principles of the Corporation's actions.

Code of Conduct

[SO4] To ensure compliance with this mandate set forth in the regulations, the Board of Directors carried out the task of reviewing and updating the Code of Conduct in 2008. This work culminated in Board of Directors' approval of a new revised and updated text at its meeting held on October 21, 2008 [4.12]. These guiding principles are supported within the framework of the United Nations Global Compact, which the Corporation joined on February 2, 2005. The Global Compact is an international ethical initiative promoted by the United Nations aimed at companies incorporating into their strategies and operations ten basic principles of action concerning human rights, working conditions, the environment and corruption. The aforementioned Code can be found on the *www.gamesacorp.com* website.

The new approved text of the Code of Conduct, which has been in effect since January 1, 2009, is subject to a specific dissemination and training plan covering 100% of Gamesa's employees in all geographical locations and through all available means, including:

United Nations Global Compact logo

- Trilingual hard copy versions provided to all employees (Spanish, English and Chinese)
- Internal communications bulletin
- Corporate website
- Intranet
- Training sessions
- E-learning platforms
- Auditing and compliance questionnaires
- Reporting channels

CSR Management Approach

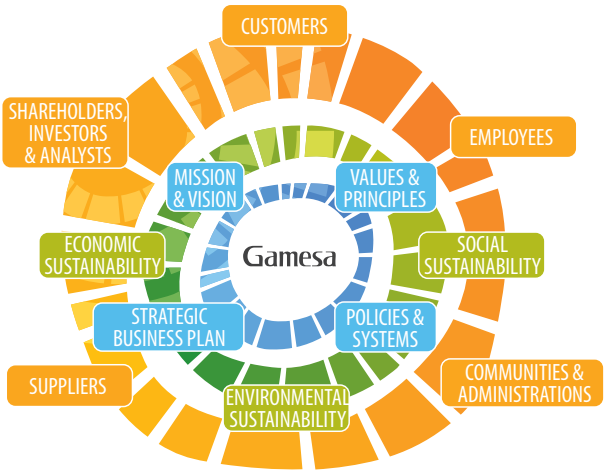
The values of the Principles of Corporate Responsibility are put into effect through multidisciplinary management in which each functional area within the organization ensures that such principles are faithfully transmitted to its day-to-day management. Taking into account the stakeholders that have been identified by the Company, this approach seeks to ensure that the relationships with the stakeholders with which we share our activity are based on transparency, trust and respect.

Taking Stakeholders into Account

[4.14] [4.15] [4.16] Taking into consideration existing channels and means of dialog in order to integrate the concerns of different shareholders into the Company, the organization is ready to make use of these mechanisms by identifying the needs of stakeholders.

GAMESA'S SEVEN PRINCIPLES

1. Fundamental rights and freedoms
2. Labor rights
3. Human Capital
4. Community
5. Safety, Health and Environment
6. Research and Innovation
7. Good Governance



The Company thus seeks to satisfy its customers' needs through the excellence of its products, the provision of services, customer service and a commitment for quality, while at the same time undertaking to work on the aspects of Corporate Social Responsibility in each of the activities the Company performs and ensuring that relationships with customers meet such criteria. *(See section on Customers on page 57 and the following for further details)*

An effort is likewise being made to treat suppliers fairly, as they represent an essential part of the Company's activity and a fundamental component in the added value offered by the Company's products and services. Relationships with the Company's suppliers are governed by integrity and honesty. They are chosen for their merit and capacity concerning aspects like quality, service, price, certifications submitted and delivery deadlines, among others. *(See section on Suppliers on page 61 and the following for further details).*

Another essential stakeholder group is comprised of employees, with whom the Corporation shares the objective of improving their quality of life, as it feels believes that social and professional development is an implicit element in their future and professional success. *(See section on The Team on page 83 and the following for further details).*

The Company seeks to adequately reward its shareholders within the scope of its corporate purpose. Transparency as regards information and trust are of utmost importance in the Company's relationship with them as it seeks profitable sustainable growth, as well as the generation of value for shareholders. *(See section on Shareholders on page 67 and the following for further details).*

Ultimately, the Company seeks improvements in the quality of life of the communities where it performs its activities by making commitments with such communities and their social environment and by offering them systematic, fluid and truthful information about its activities. In this regard, respect for the environment and a commitment to it form part of Gamesa's corporate culture.

The Corporation encourages education on the environment, as well as its development and protection, within the social environments in which it operates. In order to do so, it collaborates with public institutions and associations within the communities where it performs its activities. *(See section on The Community on page 73 and the following for further details).*

[4.13] Gamesa as a whole undertakes to maintain proactive relationships with all kinds of stakeholders based on the Principles of Corporate Social Responsibility and Business Ethics that have consolidated a renowned responsibility model. Hence, the creation of stable sustainable relationships with stakeholders is reinforced by the Corporation's active participation in a variety of national and international organizations that serve as a platform to channel permanent dialog mechanisms. The allocation of resources to maintain this network of collaborations amounted to around €1 million in 2008.

A list of the associations in which Gamesa takes part appears in Annex I attached hereto.

Corporate Social Responsibility Committee

As an additional transversal element to ensure that the Corporation's actions are in line with the concerns of stakeholders, a Corporate Social Responsibility Committee was set up in 2007. It was conceived as a top-level qualified committee in which the essential aspects of Corporate Social Responsibility within the framework of the principles approved by the Board of Directors could be analyzed and decided upon, as well as to drive forward their conceptual design and generalized implementation throughout the Company with the aim of attaining the levels on the matter required by the markets in which the Company has a presence.

Composition of the Corporate Social Responsibility Committee (2008)	
Standing Members	Rotating Members
Corporate Affairs	Institutional Relations
Corporate Social Responsibility	Financial Markets
Environmental	Procurement and Supplies
Human Capital Management	R&D
General Secretariat	Marketing, Sales & Services
	Health and Safety
	Communications
	Internal Auditing

Some of the programs and projects monitored by the CSR Committee throughout 2008 include the following:

Area	Subject
Environment	Monitoring of the product Life Cycle Analysis (LCA) project.
	Tools for the consolidation of environmental reporting and its scope .
	Energy efficiency projects.
Customers, Construction and Services	Customer satisfaction project.
Procurement / Supplies	Human rights in general terms and conditions of contracts.
Human Capital Management	Employee satisfaction survey.
	Equality and work-life balance policy and programs.
General Secretariat	Updating the Code of Conduct.
	Disseminating and providing training on the new Code of Conduct.
Corporate Affairs	Social initiative projects.
	Shareholder concerns: Socially responsible investors and sustainability indexes.
	Sustainability report.

Acclaimed Responsibility Model

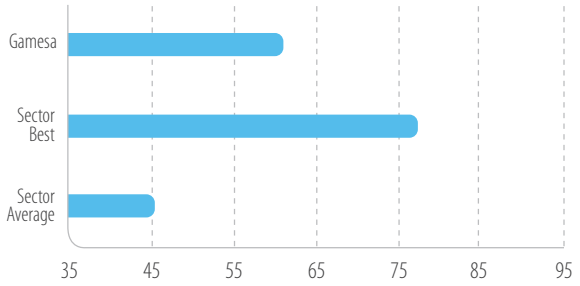
[EC2] Business ethics has become a significant driving force in the modern conception of commercial and business relationships.

The Corporation's positioning in the main internationally renowned transparency and sustainability indexes shows ongoing compliance with demanding economic, ethical, environmental and social criteria that distinguish companies committed to sustainability from those that are not. At the same time, this increases the Corporation's appeal to so-called socially responsible investors (SRI).

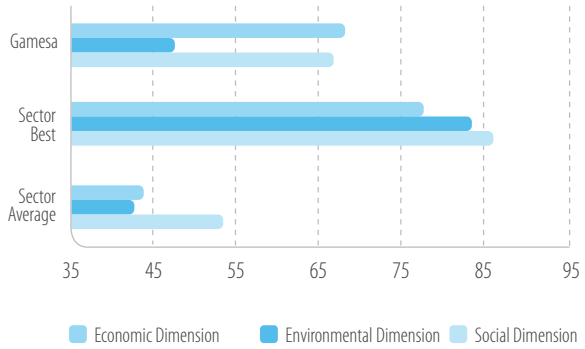
Gamesa has formed part of the Dow Jones Sustainability Indexes (DJSI) since September 2007. Gamesa has won over the trust of this selective family of stock market indexes through demanding mechanisms to measure economic, ethical environmental and social performance. Hence, Gamesa was once again one of the 320 companies in the world that comprised the Dow Jones Sustainability World Indexes (DJSI World) in 2008, as well as one of the 162 European companies that comprised the Jones STOXX Sustainability Indexes (DSJI STOXX).

Its overall assessment amounted to 61 points in 2008, situating the Company above the industry average.

Dow Jones Sustainability Indexes 2008
Gamesa's Overall Assessment



Dow Jones Sustainability Indexes 2008
Gamesa's Assessment by Dimensions



Gamesa forms part of the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Index among others

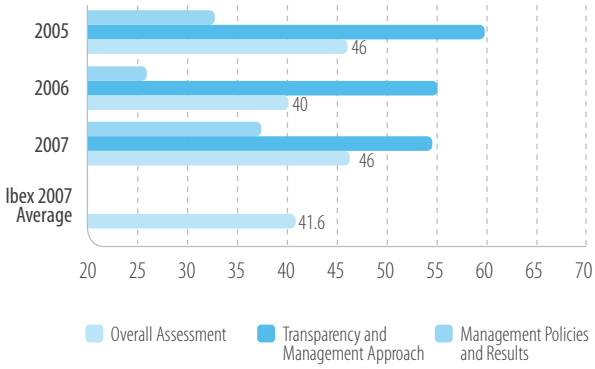
The Company has likewise been included in the FTSE4Good-Index series since March, 2004. The British FTSE Group, which draws up several international stock market indices, analyzes the good practices of companies, their commitment to environmental sustainability, their relationships with stakeholders and their defense of and support for universal human rights through the FTSE4Good indexes. In addition, Gamesa was included in the FTSE4Good IBEX index on April 9, 2008, which was created by the Spanish Stock and Financial Markets *(Bolsas y Mercados Españoles – BME)* and the FTSE Group. As a member of the FTSE4Good IBEX, the Corporation has shown that it has implemented the strategies, policies and management systems that help it to properly manage environmental, social and ethical risks. The Company is one of only twenty-seven listed corporations in Spain that have shown they meet the corporate responsibility requirements needed to be included in this selective index.

Having consolidated this renowned business responsibility model, Gamesa has likewise remained in the Ethibel Sustainability Index (ESI), which provides a notion of the financial performance of the world's leading companies as regards sustainability for institutional investors, asset managers, banks and fund managers.

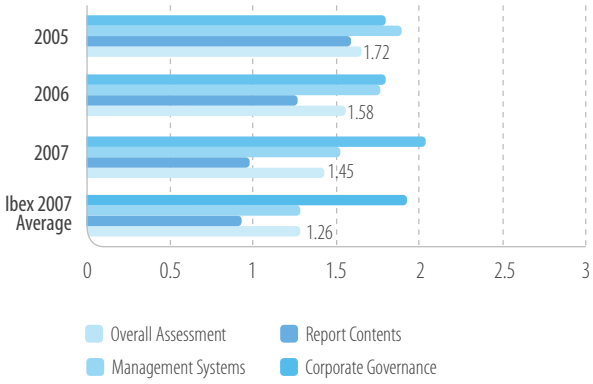
Remaining in this selective index is also a matter of pride, as it means that not only correct economic management has been recognized but also non-financial management excellence connected with the environment, human resources, human rights, corporate governance and involvement in the communities in which the Company operates.

Gamesa turns out to be one of the IBEX-35 companies having the best rankings as regards transparency and CSR policy and management in the annual assessments conducted by the Social Responsibility of Companies Observatory *(Observatorio de la Responsabilidad Social de las Empresas – RSE Observatory)* and by the Corporate Social Responsibility Observatory *(Observatorio de Responsabilidad Social Corporativa - OBSRSC).*

Social Responsibility of Companies Observatory (RSE)



Corporate Social Responsibility Observatory (OBSRSC)



Lastly, we should highlight that in the sphere of public administrations, trade union organizations and suppliers, this significant group of stakeholders has positively assessed the actions the Corporation performs in the Spanish communities where it has located its operations, reaching an average score of 7.6 points out of 10, as is reflected in the study conducted by the Universidad Complutense de Madrid.

[4.11] RISK CONTROL

Risk Control Policy and Model

Risk management forms an integral part of Gamesa's strategic activity and operations. The Corporation ensures that any internal and external factors that could negatively affect it from fulfilling its responsibilities or attaining the business's objectives are proactively controlled through the development and deployment of the risk control and management policy and procedures throughout the organization (divisions, departments and companies), thereby ensuring the creation of value for the different stakeholders and the Corporation's sustainable development.

The objectives of Gamesa's risk policy and model can be consulted in Section D.1 of the Annual Corporate Governance Report (ACGR).

Gamesa is equipped with a well-honed structured organization that provides value by working on the management and control of risks in which each general, corporate or geographic division is responsible for the risks linked to the activities, processes and projects each of them performs.

Full descriptions of the functions and responsibilities of the bodies involved in risk control and management appear in Section D.3 of the Annual Corporate Governance Report.

A Risk Controller is appointed in any divisions in which priority processes affected by risks have been identified. The Risk Controller identifies such risks quickly and continuously, taking the following into consideration:

- Alignment with the business's strategy and objectives.
- Changes in the environment and internal changes within Gamesa.
- The evolution of actions and risk indicators.

A map of priority risks and opportunities is thus drawn up. The regular assessment of the impact, likelihood, level of control and prioritization of risks and their comparison with admissible levels allows a decision-making process to be conducted that determines the most appropriate actions to bring risks down to acceptable levels and take advantage of opportunities. This is done by means of the proactive management of a risk's complete life cycle, ranging from its preliminary analysis to its elimination.

In order to ensure the risk management and control procedure is homogenously applied, the Business Risk Control Department is in constant touch with Internal Auditing and the Business Risk Control (BRC) network comprised of the departments responsible for BRC in the USA and China, as well as with the Risk Controllers.

Risk management forms an integral part of Gamesa's strategic activity and operations

Risk and Actions Map 2008

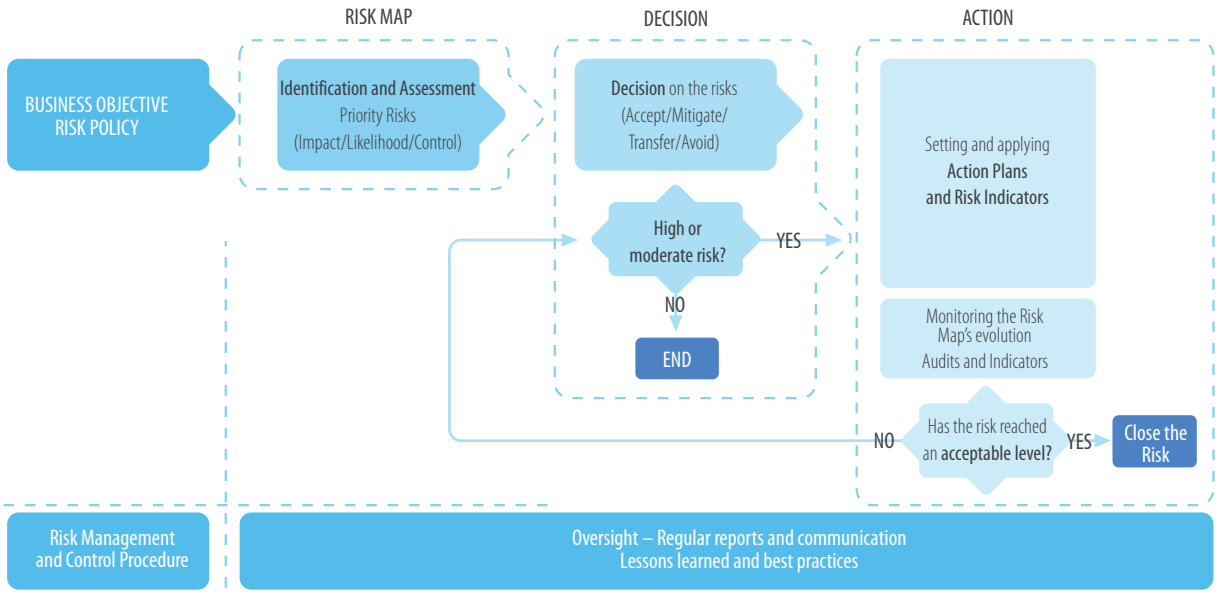
At the start of the 2006-2008 Business Plan, a risk map was drawn up identifying seven processes affected by priority risks, which are reviewed on an annual basis. Occupational health and safety was added to these in 2007. Three additional processes were included in 2008.

Other specific risks exist. These are mainly financial risks (interest rates, exchange rates, taxes, credit, liquidity and commodities), which are controlled through specific policies, rules and procedures in an integrated fashion in the relevant departments. Information on the coverage and control of these financial risks is included in the Legal Report.

Continuous Improvement in 2008

All risk control and management is regularly supervised and the relevant changes are put into effect. This supervision is carried out through regular review activities by management, independent assessments or both at the same time. A variety of actions were performed in order to improve the policy, the risk control model and control over the risk map, including:

- Taking into consideration internationally renowned methodological concepts and good practices, such as COSO II and ISO 31000 among others
- Laying down new rules to make specific diagnoses and conducting benchmarking activities
- Taking part in external seminars in Spain and Europe on current trends in risk management and control in order to subsequently share best practices internally at internal



training courses with a total of eighty-one people in Madrid, Pamplona, Zamudio, Philadelphia and Tianjin.

- Defining new coordination and control mechanisms, highlighting the new Risk Control and Opportunities Committee, and extending the BRC function to the USA and China and coordinating with the managers of such areas.
- Conducting a specific analysis of the situation of 11 processes affected by risks in the USA and China.
- Specific diagnoses of some processes affected by risks using the HIPO (Hierarchical-Input-Process-Output) methodology in order to improve control mechanisms.
- Monitoring risk control indicators in the Management Committee's control panel, as well as in general or corporate divisions.
- The Internal Auditing Department conducted audits on some specific processes affected by priority risks in accordance with the plan for 2008.
- The Audit and Compliance Committee performed its task of overseeing the identification, measurement and control of risks throughout 2008 and dealt with this issue at most of its meetings, whose specific contents are reflected in the Committee's Activity Report for 2008.

Challenges for 2009

- Implementing the changes incorporated into the risk control and management methodology by applying them to the new risk map for 2009.
- Setting up the new Risk Control Committee.
- Continuing to contribute to the attainment of targets and creating value for the different stakeholders.

In addition to the information contained in this chapter, Section D of the Annual Corporate Governance Report and the Activities Report of the Audit and Compliance Committee offer further information on the risk control and management methodology.

Processes affected by priority risks monitored and main actions in 2008:

Processes affected by priority risks		Main actions in 2008
SERVICES	Spinning off an activity without placing Gamesa's growth plan at risk.	Fulfillment of the commitments undertaken under the framework agreement to spin off the activity entered into by Gamesa and Global Energy Services (GES).
		Procedure to improve control over projects with GES.
INVESTMENTS	Authorizing, awarding, implementing, monitoring and assessing results.	Enhanced control over investments by recording them in SAP [8] and changes to the control panel to monitor deviations.
		Improvement and updating of the investment control procedures based on the recommendations made by Internal Auditing.
INNOVATION	Product strategy, development timescales and guarantees.	Improvements made to the product and technology development methodology that have been reflected in the procedure and applied to pilot projects. Training has been given in this methodology in readiness for its extension to other projects in 2009.
CUSTOMERS	Level of compliance with requirements (reliability, documentation, traceability, compliance with regulations).	Improvements in the value chain having an impact on customer satisfaction. Application of world-class tools in transversal equipment to attain improvements.
SUPPLIES	Critical components and costs associated to market changes.	Global supply chain through the development of local suppliers and strategic agreements with leading firms at each link of the value chain.
PERSONNEL	Career plans, performance assessments and payments for meeting objectives, integration into and participation in the company's objectives, confidentiality.	Gamesa's attractiveness has increased thanks to the quality of its human asset management processes materialized in policies and procedures.
		The mechanisms to attract and recruit talent have been reinforced.
		Rotation indexes show improvements in the three geographical areas.
RELIABILITY OF ECONOMIC AND FINANCIAL REPORTING	Optimizing the Company's creation of value and image through the reliability and transparency of its error-free and timely reporting.	Launching of a new pilot project to assess financial reporting processes based on the Sarbanes-Oxley methodology.
OCCUPATIONAL & HEALTH SAFETY	Excellence in occupational health and safety by having zero accidents and zero occupational illnesses at each work post as a permanent target, and complying with all regulatory requirements concerning Occupational Health and Safety.	Approval of a new integrated health and safety, environmental and quality policy.
		Improvement of the occupational hazard prevention system through various initiatives aimed at complying with the OHSAS 18001.
		The frequency and seriousness indexes at the end of the year were within the targets laid down. The fact that several Gamesa plants have exceeded 365 days without suffering accidents is to be highlighted.
ENVIRONMENT	Excellence in the management of environmental aspects connected to processes, products and services, as well as fulfilling regulatory requirements in all the areas in which the Company operates.	Extension of the attainment of ISO 14001 certificates to all the main wind energy components plants.
		Improvement of the reporting and control of environmental performance metrics.
INFORMATION SECURITY	Control over knowledge about, respect for and compliance with the Code of Conduct and the principles of corporate social responsibility.	Approval and dissemination of the information security policy and of several operating procedures.
		Performance of a great range of training and awareness raising activities about information security aimed at both executives as well as employees in Spain, the USA and China.
CODE OF CONDUCT	Control over knowledge about, respect for and compliance with the Code of Conduct and the principles of corporate social responsibility.	Dissemination sessions on the Code of Conduct have been carried out with executives.
		Updating of the Code in keeping with best practices and its approval by the Board of Directors in October, 2008.
		Initiation of a new awareness raising campaign has that will last until 2009.

(8) Systeme, Anwendungen, Produkte in der Datenverarbeitung.

GAMESA creates VALUE AND WEALTH

Scope of Action: Business Units

Efficient Transformation: Business Plan 2006-2008

Challenges for the Future: Outlook Beyond 2010

Leadership in the 21st Century: R&D&i, Quality and Technology

Gamesa is the leading wind turbine generator manufacturer in Spain and among the three largest in the world

SCOPE OF ACTION: BUSINESS UNITS

[2.1] [2.2] [2.4] [2.6] Gamesa Corporación Tecnológica, S.A. was set up on January 28, 1976. Its registered address is presently located at Calle Ramón y Cajal, 7-9 in Vitoria-Gasteiz in the province of Álava of the Basque Regional Authority in Spain.

The Corporation bases its organizational culture on a management model focused on high added value processes and it is geared toward excellence built upon the values of responsibility and rigor to attain results, as well as on commitment and timely decision-making. Cooperation and teamwork likewise constitute essential aspects of its management behavior.

[2.3] The organization is structured around operating business units and corporate units:

Gamesa is the leading wind turbine manufacturer in Spain and is positioned among the three most important wind turbine manufacturers in the world with a market share above 11% in 2008.

[2.5] [2.7] [2.8] The Corporation's growth and profitability targets are materialized by focusing on strategic markets and customers. Europe, the United States and China have been selected as its main markets due to their greater potential. The Company, however, has installed more than 16,000 accumulated MW(*) of its main product lines in 24 countries spread out over four continents. Its aim is to operate in the short to medium-term with solid production centers and sales forces in three geographic divisions, namely Europe, North America and Asia

The Company announced the sale of its solar unit to the American private equity firm First Reserve Corporation in February 2008.

(*) For the purposes of this Sustainability Report, "MW installed" is construed to be the MW of a wind turbine installed or assembled in a wind farm in keeping with operational criteria. It therefore differs from the accounting criteria reflected in the Management Report included within the Legal Report.

Chairman and CEO
Guillermo Ulacia

General Secretariat
José Antonio Cortajarena

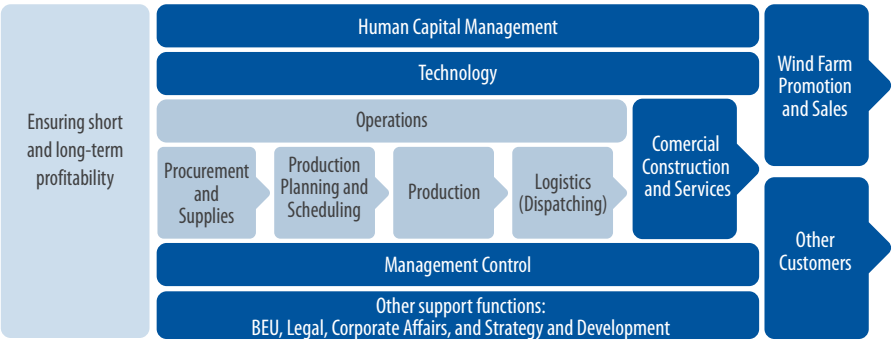
Corporate Units
- Human Capital Management: Juana María Fernández
- Strategy and Development: Carlos Urueña
- Legal: Íñigo Cisneros
- Corporate Affairs: Michaela O´Donohoe

An organization geared to creating value for customers, shareholders and employees.
A management model:
- based on high added value processes
- driven by excellence
- based on the values of responsibility and rigor to attain results and make commitments
- characterized by timely decision-making
- that considers cooperation and teamwork as essential aspects of management behavior

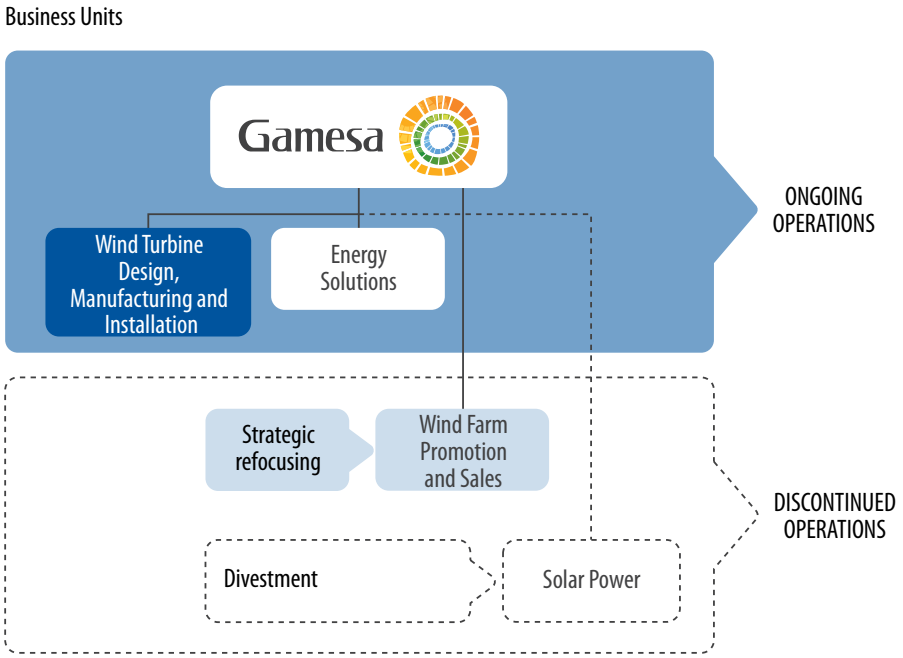
Internal Auditing
Félix Zarza

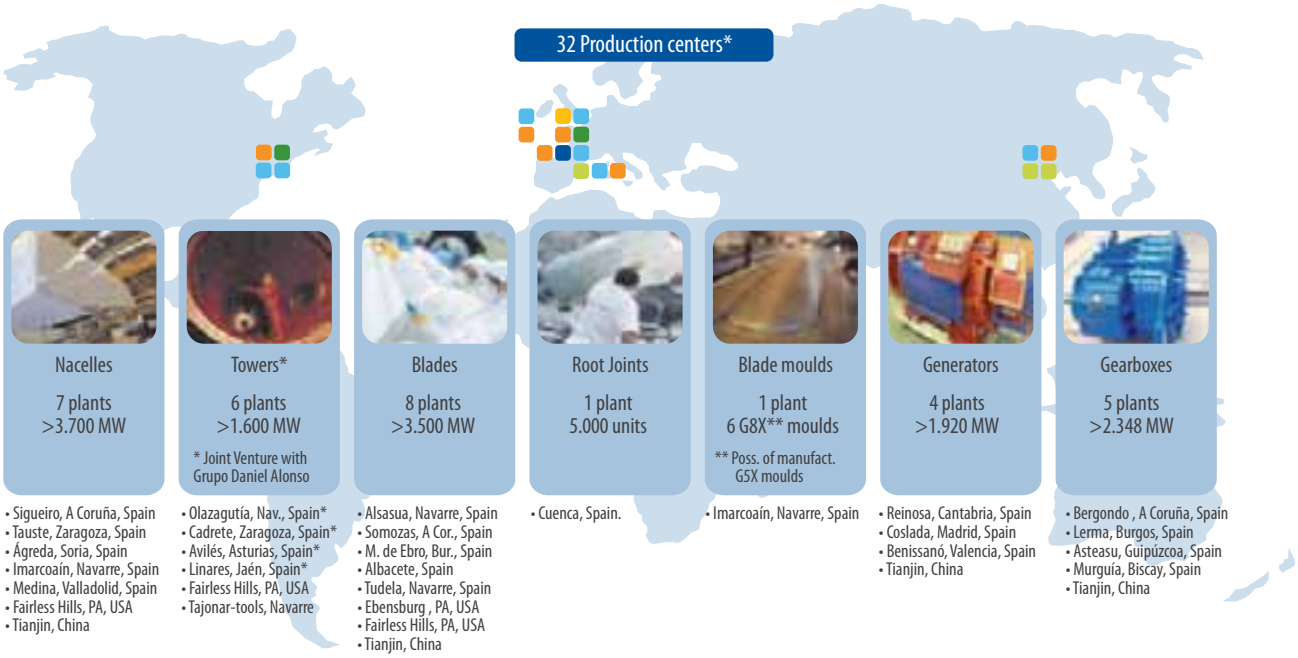
Operating Units
- Management Control: Íñigo Giménez
- Technology: José Antonio Malumbres
- BEU (Business Excellence Unit): José Ignacio Larretxi
- Comercial, Construction and Services: Javier Perea
- Wind Farm Promotion and Sales: Teodoro Monzón
- Operations: Luis Pardo

Customer Oriented management model



GAMESA CREATES VALUE AND WEALTH





* December 31st, 2008.

WIND TURBINE DESIGN, MANUFACTURING AND INSTALLATION

Gamesa is one of the world's leading wind turbine generator manufacturers and the market leader in Spain as regards the manufacturing, sale and installation of wind turbines.

[2.9] The Company is equipped with its own wind turbine design and technology development capacity, which is vertically integrated. This capacity includes the manufacturing of blades and blade moulds, root joints, gearboxes, generators, converter generators and towers (through the Windar joint venture with Grupo Daniel Alonso), in addition to the assembly of wind turbine generators.

It likewise offers a wide-ranging product catalogue with two platforms having nominal power outputs of 850 kW and 2.0 MW. The sale and maintenance of this equipment is performed around the world. The wind turbine manufacturing and sales unit has supplied wind turbines to Argentina, China, Cuba, Ecuador, Egypt, France, Germany, Greece, Hungary, India, Ireland, Italy, Japan, Korea, Morocco, Mexico, Poland, Portugal, Spain, Taiwan, Tunisia, the United Kingdom, the USA and Vietnam and has an ample sales network, which includes sales offices in Germany, China, Italy, Denmark, the USA, Greece, Portugal, France, the United Kingdom and Poland, as well as branches in Mexico, Morocco, Egypt and Tunisia. (9)

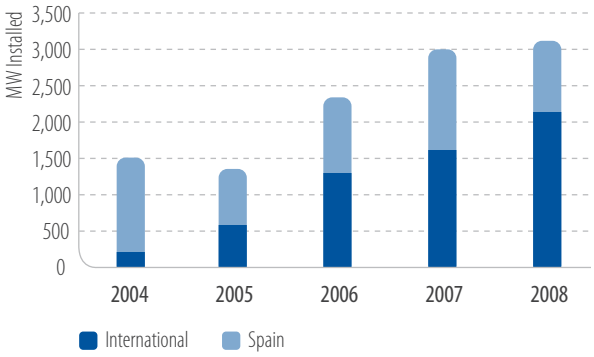
The Wind Turbine Manufacturing Unit has become Gamesa's driving force for growth with record installation figures.

The capacity to create sustainable value and wealth was reinforced by the results obtained during the last financial year. The strategic focus on the manufacturing, sale and installation of wind turbines as the Company's driving force for growth was behind the attainment of the strategic objectives laid down for 2006-2008, which were centered on growth, profitability and financial robustness.

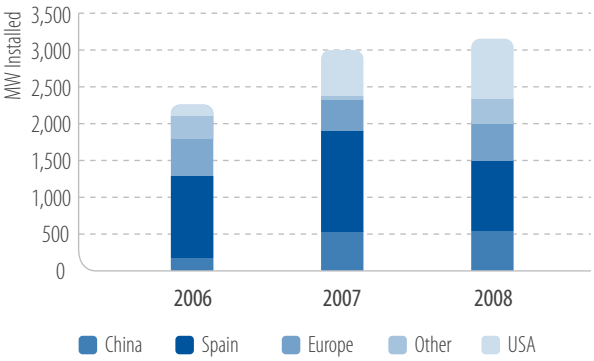
The Company's intense commitment to the efficiency and continuous improvement of its technologies has enabled it to consolidate its outstanding position in the sector and the Company registered a new wind energy installation record of 120.8 GW at the end of 2008. Gamesa actively contributed to moving forward in the challenge of achieving sustainable economic development by installing a total of 3,168 MW throughout the world in 2008*, once again exceeding its own annual wind turbine assembly records.

Along these same lines, it is worth highlighting the outstanding results obtained during the three years covered by the 2006-2008 Strategic Plan, during which 53% of the total accumulated power output developed by this activity was installed in four continents.

Gamesa – MW Installed
(Evolution)



Gamesa – MW Installed
(Evolution)



Gamesa G90-2.0 MW wind turbines.

(9) Includes MADE, a company acquired by Corporación Gamesa in 2003.
(*) See footnote in page 36.

The progressive increase in international market sales and the strengthening of business relationships with customers

During 2008 once again highlighted the Company's vocation for internationalization, as more that half of the wind power installed in 2008 was installed in strategic international markets where the company could count on the backing of its key customers. This enabled Gamesa to consolidate its position of leadership in Spain once more; position itself as a key player in the USA and China; obtain a notable increase in market share in high-potential European markets like France, Greece and Portugal; and achieve considerable advances in emerging areas like Mexico, Poland, Egypt Morocco and Tunisia.

This progressive rise in international market sales, which was particularly noticeable over the three years covered by the 2006-2008 Strategic Plan, was made possible by the backing given by Gamesa's customers, as well as by its favorable positioning concerning energy costs and a wide-ranging competitive offering of wind turbines.

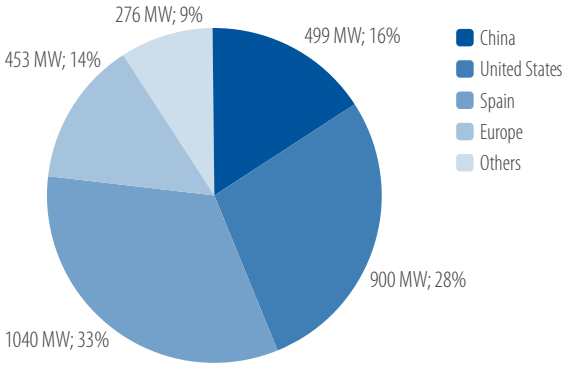
While it aims to consolidate itself in new emerging markets, Gamesa is facing the near future with optimism because it has reinforced its important positioning in target markets with an order portfolio amounting to more than 11,700 MW of wind turbines committed to customers, 47% of which will be installed in key international markets to develop the world's wind energy capacity. This portfolio has increased by around 3,500 MW since December 2007.

Consolidation of the Gamesa G8X-2.0 MW Product Platform

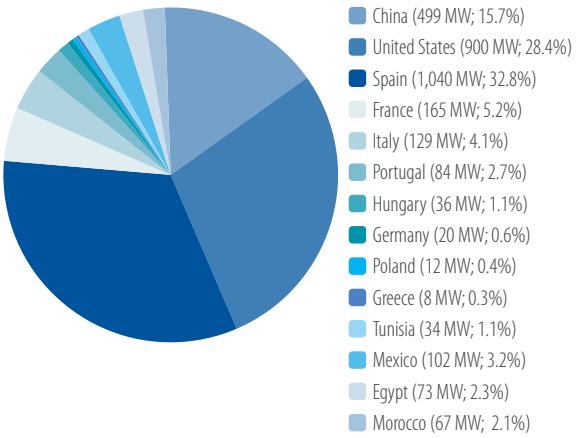
Gamesa has continued to demonstrate that it has the experience, know-how and the means needed to develop the best technology solutions for the products the Company supplies to ensure they are the most efficient and sustainable in the market.

Proof of this is the consolidation and acceptance gained by the Gamesa G8X-2.0 MW product platform among its customers, which accounted for almost 70% of the installations made by the Corporation in 2008, thereby giving it an outstanding positioning in the multi-megawatt wind turbine segment.

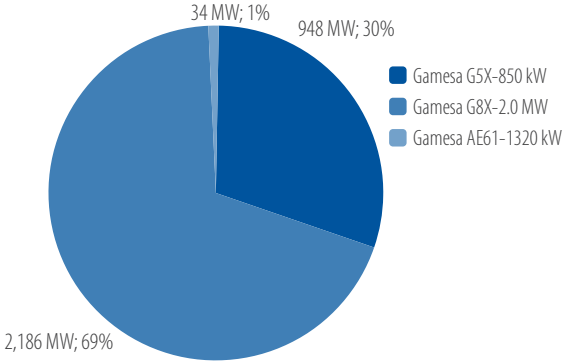
MW Installed in 2008. Total: 3,168 MW
(by geographical areas)



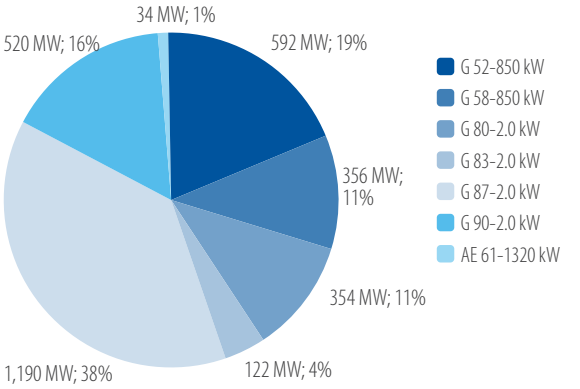
MW Installed in 2008. Total: 3,168 MW



MW Installed in 2008. Total: 3,168 MW
(Product platform)



MW Installed in 2008. Total: 3,168 MW
(Wind turbine model)



Note: For the purposes of this Sustainability Report, "MW installed" is construed to be the MW of a wind turbine installed or assembled in a wind farm in keeping with operational criteria. It therefore differs from the accounting criteria reflected in the Management Report included within the Legal Report. (see page 126 for definitions).

Sales Milestones 2008

As a result of the foregoing data, Gamesa reinforced its position in 2008 as the main wind energy supplier to leading customers in the market. In said year, Gamesa reached a record annual installation figure of 3,168 MW of installed power output and exceeded 16,000 MW in cumulative figures.

It likewise increased 12% its MW equivalent sales when compared to the preceding year, especially in the Company's target markets, to reach a total of 3,684 MWe.

With a >40% increase in its order portfolio committed to customers in 2008, the Company currently has an order portfolio of more than 11,700 MW of wind turbines, giving it a significant positioning within the sector.

The following stand out among the business agreements entered into by Gamesa in 2008:

- Last June, Gamesa and Iberdrola Renovables took part in the largest ever wind turbine supply transaction in the history of the wind energy sector. The aforementioned agreement for a total power output of 4,500 MW will come about between 2010 and 2012 and will be destined to several wind energy promotions in Spain, the rest of Europe, the United States and Mexico. The agreement includes the wind turbines' assembly and start-up, along with operations and maintenance services during the wind turbines' warranty period.

- The start-up of the Company's fourth production center in China (Tianjin) was announced last July. The inauguration of this integrated center will concentrate the production and assembly of the main wind turbine components, including: gearboxes, blades, generators and nacelle assembly at an annual pace of production of 700 MW, along with the incorporation of a new production system known as Synchronous Manufacturing System (SMS), which allows for productivity improvements. Gamesa's industrial project in China has involved an investment of nearly €40 million and has led to the creation of aproximately 1,000 jobs.

  The announcement of this new industrial wager was complemented by the announcement of a new business agreement with the China Longyuan Power Group Corporation, a leading Chinese firm in renewable energies owned by one of the main Chinese electricity groups, Guodian Corporation. Gamesa and Longyuan entered into a new agreement for the supply of 405 Gamesa G5X-850 kW wind turbine generators with a total power output of 344 MW. As a result of this significant agreement, Gamesa managed to reinforce its positioning in the Chinese market while at the same time consolidating its outstanding business relationship with Longyuan, which began in 2004.

Tortosa wind farm, Catalonia (Spain).

- The relaunching of the business activities of MADE, a Gamesa subsidiary, through the signing of two important agreements was a notable highlight of 2008. The first of these agreements was reached with the Tunisian company Société Tunisienne de L'Electricité et du Gaz (STEG) for the supply of 91 AE-61 wind turbines having a total power output of 120 MW to supply what will become the largest wind energy facility in Tunisia.

  MADE actively will contribute to the generation of a clean energy future in Venezuela though the supply of wind turbines having a total power output of 100 MW for what will become the country's first wind energy project.

WIND FARM PROMOTION, CONSTRUCTION AND SALES

Gamesa is one of the world leaders in the promotion, construction and sale of wind farms with 127 started up around the world and a promotion wind farm portfolio exceeding 21,000 MW spread out among Spain, Italy, Portugal, France, Greece, Germany, the United Kingdom, Sweden, Poland, Bulgaria, Romania, the United States, China, Mexico and the Dominican Republic.

The Wind Farm Promotion and Sales Unit completes the coverage of Gamesa's wind energy value chain by providing a complete service to end customers through the turnkey delivery of Gamesa wind farms. The main phases of promoting a wind farm are shown below and are performed from a standpoint of sustainability and respect for the environment:

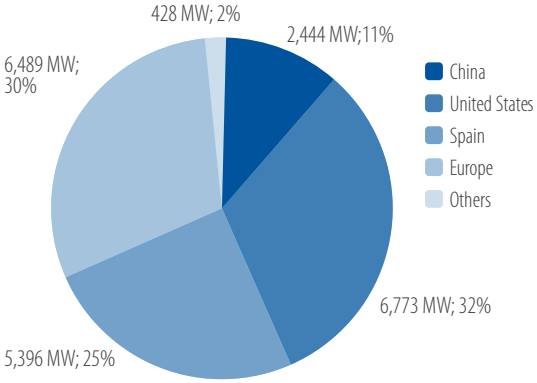
During the promotion phase, which lasts from 3 to 4 years, work is made on obtaining all the permits, licenses and authorizations that enable a wind farm and its output infrastructures to be built and placed into service.

The Wind Farm Promotion and Sale Unit's vertical integration and its wide-ranging experience in these kinds of activities allow it to perform technical and administrative tasks around the world in order to transform a site identified as having high wind power potential into a wind farm project ready to generate and sell electricity.

The extensive portfolio of projects that have been identified and validated, as well as the powerful organizational structure set up in different countries ensure future growth over the coming years.

VALUE CREATION STAGES							
Stages	Gamesa Production Cycle						Customer Production Cycle
	Development			Installation			Service Phase
Duration	3 to 4 years			6 to 9 months			20+ years
Actions	Searching for sites	Wind measurements	Permits	Civil works	Assembly of wind turbines	→	Wind farms' operation without any additional investment other than maintenance contracts with the Gamesa Wind Turbine Unit
Duration	6 months	2 years	1 year	4 months	2 to 3 months		

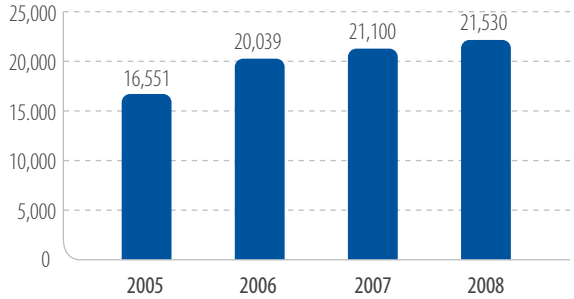
Wind Farm Promotion and Sales
(Breakdown of MW per region)
Total: 21,530 MW



The Wind Farm Promotion and Sales Unit Consolidates the Business's Portfolio

Gamesa continued to consolidate itself as one of the main promoters in 2008 with a presence in the main European countries having wind farms connected to electricity grids and under construction in countries like Spain, Portugal, Italy, Germany, Greece and France, along with an extensive portfolio of projects that are currently under development in other countries like the United Kingdom, Sweden and Poland.

Wind Farm Promotion and Sales
Gamesa – MW portfolio
(Evolution)



Its presence is new markets like Bulgaria and Romania was expanded in 2008, where it jointly holds a portfolio of more than 600 MW. Hence, activities in Europe were consolidated within the Group through an increasing contribution to positive results.

In addition to continuing with active wind farm promotions in Mexico and the Dominican Republic, the wind farm activity has continued in two strategic markets, namely the United States and China.

A strategic agreement was signed with Iberdrola Renovables in 2008 to jointly promote, develop and operate wind farms in Spain and continental Europe

Sales Milestones 2008

The Wind Farm Promotion and Sales Unit's main milestone in 2008 was the entering into an agreement with Iberdrola Renovables for the joint promotion, development and operation of wind farms in Spain and continental Europe. In order to put this agreement into practice, two joint venture companies will be set up –one which includes the business in Spain and the other specific countries of continental Europe– to which both companies will contribute with their wind farm promotions, development and operation businesses. More specifically, GAMESA will hold a 23% stake and Iberdrola Renovables a 77% stake in the Spanish company. In the European company, Gamesa will have a shareholding of 24% and Iberdrola Renovables a 76% shareholding.

The strategic agreement, which met with the approval of the European competition authorities in December 2008, is set

within the framework of both companies' interest in jointly collaborating in the development of wind energy projects due to their experience and knowledge of the industry, along with the possibility of obtaining numerous advantages from sharing their respective businesses.

The transaction's objective is to merge two world leading firms in the wind farm promotions and development sector. Both companies' positions in the markets in which they are present and which are the aim of the strategic alliance will therefore be strengthened. Merging their businesses will contribute to greater creation of value for both companies' shareholders, as their activities are complementary. This agreement lies within Gamesa's strategy of maximizing the value of its wind farm portfolio in conjunction with a leading operator, with the possibility of cashing in on its position in two years' time.

Other outstanding milestones in 2008 include:

Outstanding Milestones in 2008

Spain	• Andalusia, Aragon, Galicia and Catalonia: rise of installed power output to 321.5 MW • Andalusia, Castilla y León, Catalonia and Galicia: increase of wind farms under construction to 375.6 MW
France	• Rampont I and Montlouby I: start-up of two new wind farms both having a power output of 12 MW • Montlouby II: Start of construction of a 6 MW wind farm and ongoing promotion to obtain administrative authorizations for a total of 32 MW. • Rampont II: stands out due to its size (26 MW) and because it has benefited from the authorization as an Area of Wind Energy Development. Construction will commence in 2009.
Portugal	• Alvão and Fafe Ampliação: construction of wind farms having wind power output of 42 MW and 26 MW respectively. • Ongoing development of another wind farm's promotion having a power output of 80 MW.
Italy	• Promotion and diversification of the business portfolio. • Search for new sites.
Greece	• Satisfactory progress in: administrative formalities, location of new sites and obtaining the necessary authorizations for three projects. • Legal reforms affecting the renewable energy sector. • Project portfolio of 600 MW.
United Kingdom	• Ongoing promotion of the project portfolio.
Sweden	• First wind farm transaction deal for 12 MW closed. • Promotion portfolio of more than 300 MW.
Poland	• Portfolio of more than 20 wind farms with a power output under development of almost 800 MW. • Grid connection rights ensured for several parks for almost 600 MW, of which 250 MW have the interconnection agreement signed. • Promotion of three wind farms of 110 MW finalized. • Internal and external administrative formalities to commence the above two wind farms have come to an end.
Germany	• Building permits for 13.8 MW obtained. • Construction of an 18.4 MW wind farm started. • Amendment of the Renewable Energy Law approved, which makes Germany more attractive as an investment area.
New EU markets	• Romania y Bulgaria: presence with a development portfolio of 300 MW in each country and a wide range of sites.
United States	• Barton Chapel in Jack County, Texas: construction completed and 120 MW commissioned. • North Allegheny in Cambria County, Pennsylvania: substantial finalization of 70 MW. • Meadowlark, Montana: 104 MW wind farm sold to Naturner in the development phase.
China	• Wind farm portfolio of more than 2,400 MW. • Approval to conduct wind measurements obtained. • Taipingshan y Zhangjiachan, province of Shandong: approval to build two parks of 49.3 MW and 35.7 MW respectively obtained.
Mexico	• State of Oaxaca: progress in the development of a wind energy promotion of 364 MW. • Connection rights to connect 288 MW to electric grid assessment infrastructure foreseen for 2010 and permit to build the first Gamesa wind farm in Mexico obtained. • Bii nee Stipa: Power output of 26.35 MW, includes 31 G52 wind turbines. • Estimated annual production of 104,346 MWh.
Dominican Republic	• Promotions being adapted to Law No. 57-07 on Incentives to Renewable Energies and Special Schemes. • El Guanillo, Loma Buen Hombre and Maboa, province of Montecristi: promotion phase of wind farms having a joint power output of 64.60 MW finalized.

ENERGY SOLUTIONS

The Energy Solutions business unit's mission is create value through the implementation of energy efficiency measures, as well as to optimize energy use in production processes and centers.

Work in the unit is being done in the following areas:

- Municipal sector: conducting energy audits, conducting studies on the potential of renewable energies, implementing energy efficiency measures and treating waste.
- Industrial sector: conducting energy audits, corporate energy management, consulting, implementing energy efficiency measures, engineering, turnkey installations and power electronics.
- Services sector: conducting energy audits, corporate energy management, consulting, implementing energy efficiency measures, engineering and turnkey installations.
- Residential sector: consulting, implementing energy efficiency measures, air-conditioning, engineering and turnkey installations.

[EN6] The lines of action set out below were carried out as part of Gamesa's commitment to go further in the responsible use of energy.

Outstanding Milestones in 2008

Energy Efficiency Program (GEEP)

- Auditing processes at different production centers in Spain, identifying points to be improved and specific action proposals.
- To reduce CO2 emissions, to reduce non-efficient energy consumption costs and to attain excellent production processes.
- The extension of GEEP to all Gamesa offices and work centers is expected for 2009

Installation of Energy Efficiency Equipment

- Installation of energy efficient equipment for lighting and motors at several production centers.
- To achieve electricity consumption savings of between 20% - 30% for lighting, and of between 10% - 20% for motors.
- Implementation for the rest of plants is foreseen for 2009.

Sale of Energy Efficiency equipment

- Joint pilot project with Basque Energy Authority for public lighting (Playa de Plentzia) to achieve energy savings of 23.8%.
- Pilot test with a motor in a cement factory where savings achieved were of around 18%.

Strategic Agreements

- To deploy the most innovative equipment.
- **Arteche:** Sale and manufacturing of electronic power equipment that enhances the quality of energy.
- **Climatewell:** Manufacturing and sale of solar cooling equipment that uses an innovative thermo-chemical accumulation system.

EFFICIENT TRANSFORMATION: BUSINESS PLAN 2006-2008

[EC0] In June 2006, Gamesa Corporación Tecnológica undertook the challenge of making a thoroughgoing transformation of its business model, showing a clear vocation for multinational leadership in the development of energy sustainability technologies.

The guidelines of reference defined were set forth it the Company's Business Plan 2006-2008, whose final goal was to transform the management model into a quest for sustained and profitable growth able to create value for all of the stakeholders involved with Gamesa.

Three strategic objectives were therefore laid down, which were accompanied by three reference targets:

Strategic Objectives		2008
Growth	% Annual Growth EBITDA	>15%
Profitability	ROCE	>16%
Financial Robustness	Net Financial Debt / EBITDA	< 2.5x

The roadmap laid down to meet these three targets was focused on Gamesa's opportunities and strengths, which were identified in 2006. These included the wind energy sector and the speed of execution of the four strategic actions set out below.

FOCUSING ON STRATEGIC MARKETS AND KEY CUSTOMERS

Thanks to a demand management model focused on joint planning with strategic customers and in key markets, Gamesa had a total portfolio of customer commitments amounting to 11,700 MW's worth of wind turbines in December 2008. This represented more than 40% rise on the 2007 figure and will provide the Company with contractual visibility between 2009 and 2012.

Gamesa was positioned as the preferential supplier of leading companies dedicated to wind energy promotions in 2008 with its customer-driven policy, establishing a relationship of commitment to its Key Accounts in the medium-term to encourage joint planning.

RE-ENGINEERING THE INTERNATIONAL SUPPLY CHAIN

In addition, Gamesa closed 2008 with a consolidated and fully operational industrial base, having produced more than 900 MW in the USA and more than 500 MW in China in 2008. This milestone allowed the Corporation to turn the objective of setting up three international supply chains into a reality, one for each of the 3 key markets identified.

The implementation of scheduling and production systems geared to customer needs and made-to-order manufacturing was launched in 2006. Such systems were subsequently extended to include the entire supply chain and became a reality in 2008. Furthermore, in the same year, Gamesa started up a synchronized component scheduling system in China at its integrated nacelle, gearbox and generator plant in Tianjin, as well as in Spain. This system allows intermediate inventories and manufacturing timescales to be reduced.

The Corporation managed to progressively increase customer response times through the increase in its internal capacity and by establishing strategic alliances with key suppliers. As a result of all this, the Company was equipped with a flexible demand-driven production system at the end of 2008.

Integrated production center in Tianjin, China.

Signing of the agreement with Iberdrola Renovables.

The development of the international industrial base involved starting up 11 production centers since 2006, developing the supplier base and taking on 3,600 people around the world in the Wind Turbine Generator Unit alone. During this transformation cycle, Gamesa multiplied its pace of annual production by two, from 1,800 MW in 2005 to more than 3,600 MW in 2008. This mean that 78% of the new capacity comes from the two strategic regions developed during this period, the United States and China.

TECHNOLOGICAL DIFFERENTIATION

Through the development of technological capital by means of projects geared towards optimizing the process-product, Gamesa Corporación Tecnológica has provided a response to is vocation of becoming a multinational leader in the development of energy sustainability technologies.

In an effort to seek wind turbine energy cost improvements, Gamesa is continually developing projects which optimize product designs and its production process. The advances made in new component validation systems, such as blade thermography, the industrialization of the new G87H blade (or hybrid blade) design or the progress made in the launch of the new generation of Gamesa G10X wind turbines culminating in the installation of the first prototype in a wind farm, are well worth highlighting.

Additionally, Gamesa is moving forward in the adaptation of its products to the different grids and markets in which it sells its machines by adaptingelectrical control systems and components. Keeping the objective of cutting operating costs in mind, Gamesa's technical team continues to develop energy solutions for wind turbines that optimize wind farm profitability as a source of electricity generation.

All of the above is performed in a climate of ongoing cooperation with organizations like the CENER (National Center for Renewable Energies) or by taking part in European projects geared to adding value to the product by incorporating additional features like the Winlider (to design large wind turbine generators) and Reliawind (to optimize wind turbine design, operation and maintenance) projects, among others.

BUSINESS PORTFOLIO MANAGEMENT

In order to focus on sustained and profitable growth activities where the company holds a competitive technological edge, Gamesa announced the sale of its Solar Division for €261 million to First Reserve Corporation on February 28. The deal was effectively closed on April 23 under the same terms as those announced.

Likewise, on June 13, Gamesa entered into an agreement with one of its Strategic Key Accounts, Iberdrola Renovables, to set up a leading company in the promotion, development and joint operation of wind energy projects in Spain and continental Europe.

Thus, the company culminated it strategic refocusing on wind energy-related manufacturing by concentrating on the part of the value chain were it has the greatest competitive advan-

tages and which represents its vector for growth, the Wind Turbine Generator Design and Manufacturing Unit. This is a sector in which Gamesa is positioned among the world's three leading companies.

Three years later, Gamesa has successfully fulfilled the plan, demonstrating its ability to transform itself on time and culminating the three-year period aimed at placing the onus on wind energy with the Wind Turbine Generator Unit as the main activity and the driving force for change, along with a value creation plan for Wind Farms in the medium-term (announced in June, 2008).

Fulfilling the strategic objectives laid down in the Plan 2006-2008, enabled Gamesa to meet the challenge of attaining growth with cash flow generation. During this three-year period, Gamesa managed to multiply the volume of MWe sold by two, to increase EBITDA by more than 60% and the Company obtained €1 billion of cash flow at the close of 2008 while setting a new historical record for financial robustness.

Gamesa's economic and financial results for 2008 are reflected in a document entitled "Legal Report 2008" (in the Consolidated Accounts 2008 section and Management report), which is available at www.gamesacorp.com.

Gamesa has fulfilled the plan with the **Wind Turbine Unit** acting as the main activity and **driving force** for change

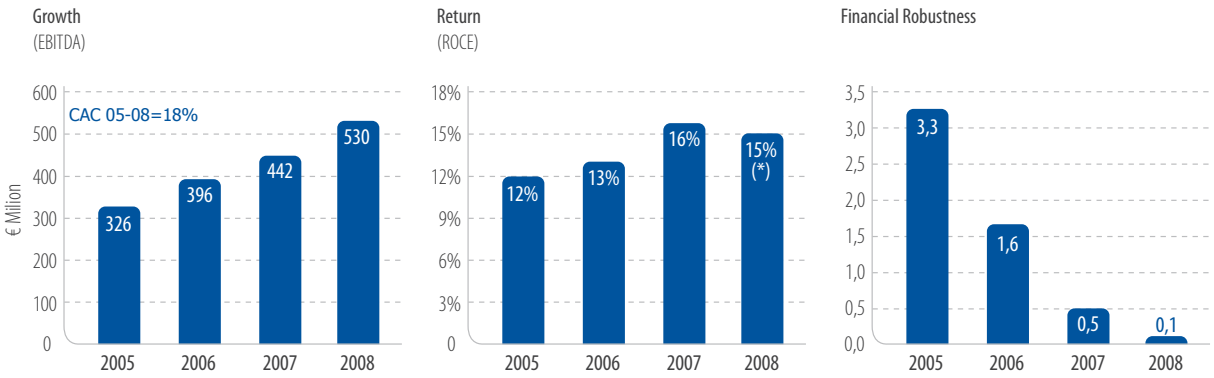
[EC1]

ECONOMIC VALUE GENERATED INDICATORS (**) Thousands of Euro

	2007	2008
Direct Economic Value Generated by Ongoing Operations	2,889,357	3,679,776
Economic Value Distributed from Ongoing Operations	2,652,234	3,555,673
Operating Costs	2,290,846	3,119,608
Staff Costs	214,172	266.830
Dividends (*)	55,959	48,660
Financial Costs	68,187	77,825
Taxes and Duties	22,548	42,000
Contributions to the Company	522	750
Economic Value from Discontinued Operations	100,661	165,228
Economic Value Retained	337,784	289,331

(*) Dividend approved without taking into consideration treasury stock held by the Group.

(**) In keeping with the classification contained in the consolidated annual accounts for 2008, the Solar Unit and the Wind Farm Promotion and Sales activities are presented as discontinued activities. Likewise, in order to improve the comparability of 2008 and 2007, the above breakdown of economic value generated corresponding to 2007 has been corrected to take into account the effect of operations discontinued in 2007.



(*) The ROCE figure of 16% was reached in comparative terms as regards the reference figures contained in the Business Plan 2006-2008.

Note: These figures are pro-forma figures that include the Wind Farm Promotion and Sales activity as an ongoing operation. They do not include the Solar Unit's contribution.

Wind energy is seen as an energy generation alternative with more predictable costs, lower exposure to variable costs and less uncertainty as regards raw material prices

CHALLENGES FOR THE FUTURE: OUTLOOK BEYOND 2010

After having completed the roadmap laid down for the 1st transformation cycle between 2006 and 2008, Gamesa culminated this period by focusing on the technology business and bearing out its capacity to grow in a sustained fashion with cash flow generation.

On October 22, 2008, the Corporation informed the market of its vision for the sector's development with a view to 2011 and its 5 defined action plans for the period. These plans are aimed at redesigning the Company's operating model and are based on creating new competitive advantages, taking into account the new challenges facing the sector.

Always bearing in mind a focus on profitability, measured by return on capital employed, and the objective of creating sustainable competitive advantages during this second transformation cycle for 2009-2011, Gamesa has lunched five action plans, which include:

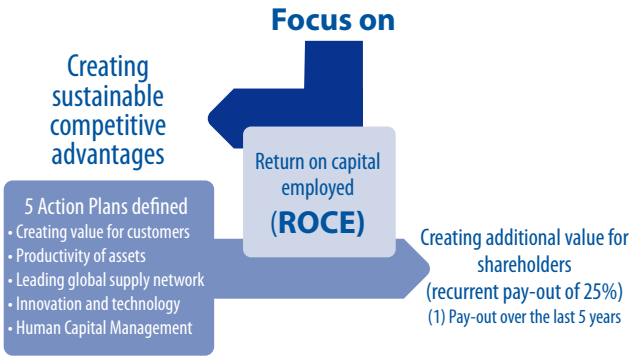
- Creating Value for Customers
- Productivity of Assets
- Leading Global Supply Network
- Innovation and Technology
- Human Capital Management

Gamesa is involved in a high-potential growth sector in the medium to long-term and ended the year in an outstanding position to carry on and exceed the wind turbine market's pace of growth.

Wind energy is seen as the most predictable energy generation alternative in a highly volatile environment for fossil fuel prices. In other words, wind energy is perceived to be less exposed to variable costs and subject (20% of total costs compared to 80% for several conventional sources) to less uncertainty as regards raw material prices.

Furthermore, the increase in economies of scale in wind turbine production, the setting up of supply chains in low-cost countries, the optimization of service and maintenance costs, the enhancements in the quality of components and technological development linked to design / product are gradually leading to wind farm cost reductions. These energy costs are roughly equivalent to those of conventional sources.

These two factors mean that wind energy will become a significant element of the 21st century's energy infrastructure, in addition to becoming a source of job creation, economic activity and the distribution of wealth. All of this reinforces the wind energy sector's prospects for growth in the medium to long-term.



Nacelle assembly in Tianjin, China.

CREATING VALUE FOR CUSTOMERS

During this new transformation cycle, the Company will begin breaking into new markets like Eastern Europe, Canada, Turkey and North Africa through its strategic key accounts, as well as attracting new customers through the revitalization of the MADE product range in countries like India or regions like Central and South America.

Hence, the Company will define a new timescale for the launch of new products and services in order to offer customers a more competitive offering in each of the strategic regions, as in the case of the launch of the Gamesa G90-2.0 MW wind turbine in the United States, the Gamesa GPX-2.0 MW product in China and the MADE product in India.

PRODUCTIVITY OF ASSETS

The supply strategy within the new timescale foresees attaining a level of vertical integration similar to that reached in 2008 by maintaining the internal manufacturing of critical components and providing a response to the evolution of demand through key suppliers.

All of this will lie within the framework of an asset productivity optimization policy launched by the Company in 2006 through a synchronized production systems that allows it to cut manufacturing timescales. Additionally, strategic agreements reached with key suppliers enable the Company to jointly develop components and to geographically locate strategic supplies, so that it can reduce response times as regards volumes in a target market.

As a result, Gamesa estimates that annual growth in its operating capacity could reach 6,000 MW in 2011 with an investment per MW ratio of 10 MW for every €1 million, which compares favorably to the historical evolution of this ratio which stood at 3 MW for every €1 million in 2008.

LEADING GLOBAL SUPPLY NETWORK

The Corporation will continue to develop its supply network within this new time horizon to provide a response to the new product offering it will launch in each of the 3 geographic regions. Current capacities in critical components will therefore be used to support breaking into new markets. For instance, the start of the US supply chain's adjustment to the demand segment of the Gamesa G87-2.0 MW and Gamesa G90-2.0 MW wind turbines at the end of 2008 will suppose a 30% increase in this market's capacity to reach 1,200 MW.

Furthermore, India will become a new global supply center for the MADE machine. This project's progress will place into operation a nacelle assembly plant having a capacity of 200 MW at the end of 2009.

Lastly, Europe will be the platform for the launch of the new Gamesa G10X-4.5 MW wind turbine generator. Hence, the new blade plant in Aoiz – located in Navarre, Spain – having a capacity of 900 MW has already been started up. This plant will generate employment for more than 400 people and serial production will begin at the end of 2011.

Presentation of the new blade production center project in Aoiz, Navarre. The President of the Navarre Regional Authority, Mr. Miguel Sanz (left), and the Gamesa Chairman and CEO, Mr. Guillermo Ulacia (right), appear in the photograph.

INNOVATION AND TECHNOLOGY

One of the keys for the creation of sustainable competitive advantages in the new period will be technological development aimed at improving wind turbine energy costs and consolidating the Company's positioning in the onshore market.

A cost competitiveness plan was launched in 2008, which includes structural energy cost improvement programs like the E3 Energy Efficiency / Efficacy program through rotor design optimization for the same product platform, standardizing nacelle platforms and control strategy enhancements (control software). All these advances will enable wind turbine efficiency and availability to be optimized.

As was announced in 2008, technological innovation will not only focus on products but also on processes. In this regard, a further step forward was taken in February 2009 in the implementation of technological innovations in manufacturing processes. This was done by means of an agreement on a strategic project for the automated design and manufacturing of wind turbine blades through which aerodynamic enhancements will be incorporated into products to improve efficiency, quality and service, thereby progressing towards increased wind farm profitability and their adaptation to the environment.

HUMAN CAPITAL MANAGEMENT

Competitiveness will be maintained thanks to a team that works along the lines of adding value. The team's efforts in 2008 allowed Gamesa to meet the targets set for the period, and this will enable the Company to maintain its position of leadership in the wind energy sector over the coming years.

This team is identified with the new management horizon's objectives and action plans and takes safety, the environment and quality as prerequisites to ensure such objectives are met.

A system of targets focused on the creation of value has been deployed. This system contributes to getting the team involved in the Company's strategic objectives and includes a variable remuneration scheme linked to meeting such targets to encourage commitment.

The Company proposed for adoption at the General Shareholders Meeting 2009 set up a long-term incentive scheme remunerated by shares for its employees, which is linked to meeting the targets laid down for 2011 to show its implication and commitment as well as its trust in their potential to create value for the business.

The action plans established for the time period between 2009 and 2011 are aimed at meeting the targets laid down for 2011, including:

- Reaching a return on capital employed figure of above 25%
- Increasing the EBIT margin to 11% of sales

With a consolidated global supply chain that will enable Gamesa to grow more than the market and achieve a market share greater than 16%, which would account for the 6,000 MW of operating capacity the Company is expected reach in 2011 (based on market forecasts, MAKE October 2008).

Gamesa G10X-4.5 MW wind turbine prototype in Jaulín, Saragossa (Spain).

LEADERSHIP IN THE 21ST CENTURY: R&D&i Quality and Technology

Research, Development and Innovation (R&D&i) is integrated into processes and products in all tasks and functions throughout the supply chain, thus contributing to customer satisfaction and in keeping with Gamesa's continuous improvement in its quest for excellence.

[EC2] [EC4] The Corporation's R&D&i programs are a response to European energy policy, as can be clearly seen by the backing provided by the European Investment Bank (EIB). The EIB granted the Company a €200 million loan in December 2008 to fund its Research, Development and Innovation Plan between 2008 and 2011. Technological advances in the field of energy are essential to reach the European targets set out to combat climate change, security of energy supplies and the competitiveness of European companies. These targets were approved at a plenary session of the European Parliament held on December 17, 2008 and are known as the Triple 20 deal for 2020 (20% reduction in emissions, 20% of the EU's energy mix from renewables and cutting energy consumption by 20%).

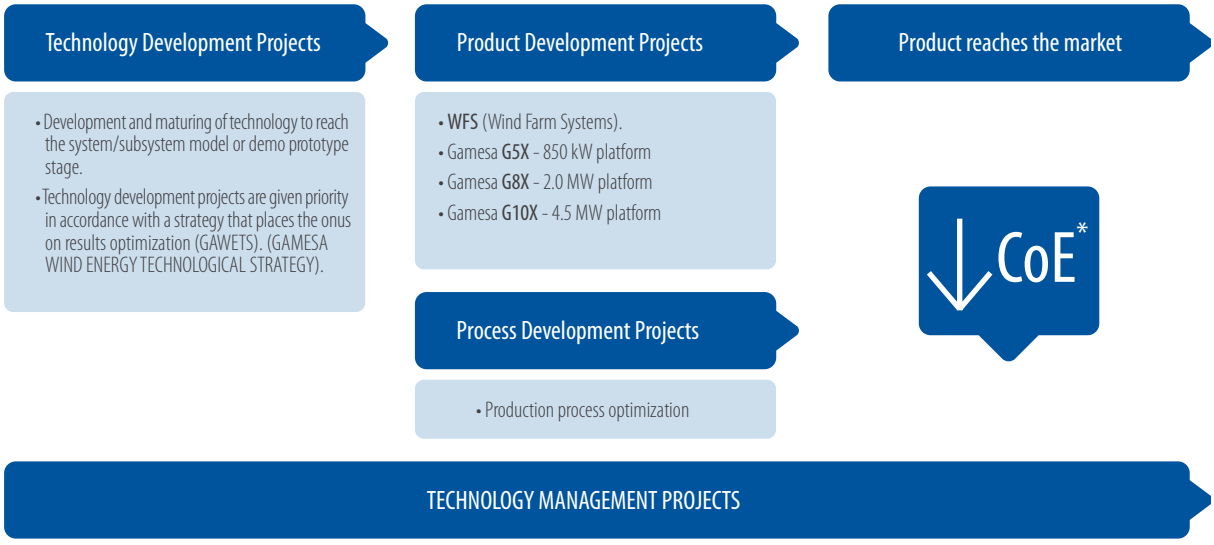
TECHNOLOGICAL DEVELOPMENT

[EC9] Gamesa has multiplied its capacity for technological action by collaborating with noteworthy technology organizations. Some of these seek European research excellence in breakthrough concepts (radical innovation), while others seek to consistently develop technologies that can be immediately applied. Lastly, another group provides world-leading scientific and technological testing infrastructure, which is essential to conduct tests that allow future wind energy components to be improved.

It is also worth highlighting some work packages of ongoing R&D projects aimed at adding value, providing additional features and creating loyalty among certain key customers in the business portfolio. Working in a coordinated fashion that is technologically aligned with the wind energy sector as a whole is of great importance, as is making an effort to maximize the aid provided to wind energy R&D at both a Spanish and European level. Special mention should be made to R&D projects that have received institutional funding and have given Gamesa technological leadership in the international scenario, which include:

- Windlider 2015: Gamesa is leading this industrial research project along with Ecotècnia, both of which are leading wind generator manufacturers in the Spanish market. The main aim is to control the design of large wind generators, thereby shortening lead times to market launch and increasing the maturity of the first series. These are essential conditions to lead the market as of 2015. CENIT Program (INGENIO 2010). Total investment amounts to €40 million over four years and the approved grant for the period 2006 - 2009 totals €13.2 million.

- Upwind: Research project on future wind power generation and the design of very large wind generators (8-10 MW). These will be installed in onshore and offshore wind farms having a capacity of several hundred MW. Forty European wind turbine and component manufacturers, universities and other research institutes are taking part. The critical work areas are the following: aerodynamic, aeroelastic, structural and materials analysis of the rotor; critical analysis of the drive train's components; and analysis of structures (for offshore applications). The budget amounts to € 22.62 million (2006-2011), of which € 14.54 million are funded by the European Union.



* Cost of Energy.

Along with other wind turbine manufacturers, Gamesa has signed a two-year collaboration agreement with the approval of the US Department of Energy for research into: more reliable wind turbine design and manufacturing methods, installation and operating cost reductions, and dealing with environmental and technical matters

- Reliawind: The aim of this project is to conduct further research into the notion of reliability in wind turbine design, operations and maintenance in order to achieve greater efficiency and reduce maintenance costs. It is the first European-wide project led by Gamesa. The project forms part of the 7th Framework Program, which allows it to apply for a non-recoverable grant of up to €5.2 million for its development. Ten European partners are taking part, including manufacturers, wind farm owners and universities. The overall budget amounts to € 7.7 million euros, and the project will be carried out over three years ending in March 2011.

The participation of eight of Gamesa technology experts in the work groups comprising the European Technology Platform (TPWind) is also worth pointing out, as is the fact that the Company is leading one of the work groups. TPWind was set up by the European Wind Energy Association (EWEA) and its aim is to be a decision-making forum for the wind energy sector's research and development policies. The EWEA expects that it will serve to coordinate R&D efforts and define research needs as clearly as possible. Scientific and technology players, wind farm developers and certification agencies, among others, form part of this platform.

Along with GE Energy, Siemens Power Generation, Vestas Wind Systems, Clipper Turbine Works and Suzlon Energy, Gamesa has signed a two-year collaboration agreement that has received the US Department of Energy's approval for research into more reliable wind generator component design and manufacturing methods, installation and operating cost reductions, dealing with environmental and technical matters and the drafting of standards on certifications, grid connections, among others.

The figures on the Group's strictly R&D-related activities (that is to say, not including technological innovation) for 2005, 2006 and 2007 amounted to €36 million, €33 million and €30.91 million respectively. The figure for 2008 totaled €30.5 million (capitalized development costs). The R&D effort to turnover ratio in 2008 amounted to 0.8 %.

The Corporation stood out for its patent writing activity for yet another year. Twenty-eight patent applications were submitted in 2008 by its technology, design, engineering, etc. departments. At the end of this year, the total number of patent families granted to or applied for by the Corporation numbered 118, which amounted to 269 individual patents derived from these families.

According to the EU Industrial R&D Investment Scoreboard for 2008, which was drawn up and presented by the European Commission in December 2008 and based on the data available at the end of 2007, Gamesa was ranked eleventh in Spain. It was also ranked as the 384th of the 1,000 European companies having the greatest R&D investment figures.

PRODUCT DEVELOPMENT

[EC9] The Product Development Area's mission is to conceive, design, develop and certify wind turbines that meet customer requirements. These solutions arise as variants of already existing products such as the Gamesa G5X-850 kW and Gamesa G8X-2.0 MW product platforms or the future Gamesa G10X platform, which is currently under development and will achieve a nominal power output of 4.5 MW.

The technical team that works on the Gamesa G5X-850 kW product platform has concentrated its know-how on reducing the number of variants that can continue to cover the wide range of site and wind conditions required by customers. This process is known as "standardization". The standardization process carried out has allowed manufacturing costs to be cut by reducing the production means needed, reducing the variety of raw materials and suppliers and optimizing this platform's maintenance through making the actions scheduled for wind generators installed in wind farms homogenous.

The standardization actions on the Gamesa G5X-850 kW platform have focused on:

- The NACELLE by unifying the gearbox and hydraulic set.
- The ROTOR on the hub.
- The TOWER by standardizing the structural part for the different height and rotor diameter combinations.

The success achieved for this platform extended the applicability of the notion to Gamesa G8X-2.0 MW wind turbines, for which the Company sought to reduce the number of references and supply element groups without losing out on performance.

The tangible benefits of the standardizations carried out on our current product catalogue have transformed this one-off initiative into yet another design criterion when developing new product variants to ensure these are more competitive in terms of both costs and development timescales.

Another of the targets reached by the Gamesa G8X-2.0 MW wind turbines (G80, G83 and G90 models) has been their certification pursuant to the Germanisher Lloyd (GL) Guideline 2003 with 2004 supplement.

This certification was achieved in the months of December 2008 and January 2009 and it ensures the competitive position of our wind turbines, as they have complied with one of the necessary requirements for our customers to obtain funding for wind farms. It also supposes that Germanischer Lloyd has recognized that our wind turbines' design, manufacturing and assembly comply with one of the strictest reference standards in the sector.

Enhancements were also made to our wind turbine's features and performance in 2008 by means of creating new control algorithms and strategies for the entire system. More specifically, projects were conducted for both the Gamesa G5X-850 kW and Gamesa G8X-2.0 MW machines that allowed the wind turbines' control strategies, which increase the Annual Energy Produced (AEP) without any physical change to the machines, to be successfully designed, developed and validated.

These developments place Gamesa products in a better market position compared to its competitors' models, which are not equipped with these new control rules. These wind turbines are now capable of producing more electric power per year with increments that are measurable in percentage units.

Concerning the Gamesa G10X-4.5 MW project, which is currently under development, the Corporation managed to achieve the wind turbine's main milestones in 2008, thereby establishing a solid foundation from which to develop the validation and industrialization programs for the multi-megawatt wind turbine of the future.

Once the machine's design phase came to an end, the project's team managed to manufacture, assemble and install the first Gamesa G10X-4.5 MW prototype in the Cabezo Negro R&D Wind Farm in Zaragoza.

This wind turbine incorporates the latest technologies developed by Gamesa, which are aimed at complying with functionality, assembly, transportability, safety, environmental and energy cost requirements.

Gamesa G8X-2.0 MW wind turbines

Technology

The Gamesa G10X-4.5 MW wind turbine is equipped with a series of novel technologies to comply with the design requirements laid down:

- Energy costs that are lower than those of the current Gamesa G8X-2.0 MW platform
- Transport and assembly equipment and tools similar to those of the current Gamesa G8X-2.0 MW platform

  –Better reliability

  –Adapted to the strictest electricity grid codes

  –Compliance with environmental standards

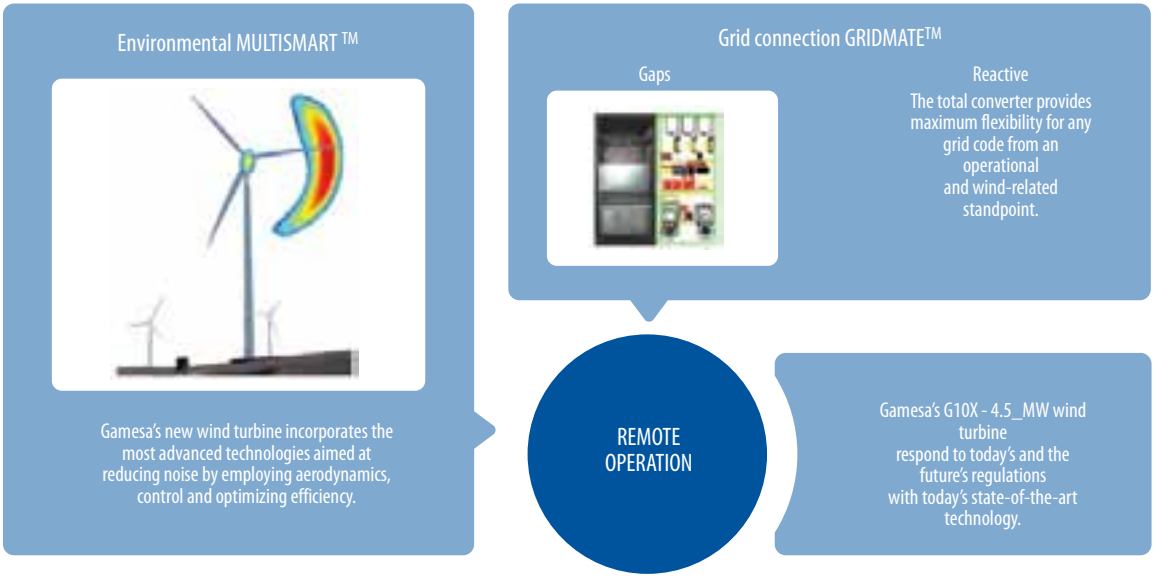
These technologies include the following:

MultiSmart™	Multi-variable control to maximize energy and reduce loads	Lower Costs of Energy
InnoBlade™	New profiles designed by Gamesa	
ConcreTower™	Lower costs for greater tower heights	
CompactTrain™	Less mechanical issues and greater reliability	
InnoBlade™	Sectioned blades whose largest module has a length of less than 35 meters	Means of transport and assembly similar to Gamesa G8X-2.0 MW
Flexifit™	An auxiliary crane to assemble modules	
Gamesa G10X-4.5 MW	The greatest module's weight does not exceed the weight of the G8X's gondola	
GridMate™	Total scale converter that complies with any grid code	Compliance with noise standards and grid codes
Innoblade™	New profiles that reduce aerodynamic noise	
MultiSmart™	Control system that incorporates noise reduction technologies	

Part of the team responsible for the Gamesa G10X-4.5 MW wind turbine's design.

More specifically, the cutting edge technical solutions incorporated into this platform are expected to make an objective environmental contribution.

The new Gamesa G10X-4.5 MW is designed to have a lower environmental impact:
REGULATIONS



It is expected that this platform's energy production will make a contribution to reducing energy consumption and emissions in the first 6 years of its commercialization.

3D model of the Gamesa G10X-4.5 MW wind turbine.

DESIGN

The detailed design of the G10X wind turbine generator was finalized in 2008. All the manufacturing plans, specifications and list of associated materials were completed.

This important milestone is reflected in the machine's 3D model, which is shown on the left:

Assembly of the Prototype

One of the most significant milestones achieved by the Gamesa G10X-4.5 MW project in 2008 was the assembly of the first prototype in the Cabezo Negro R&D Wind Farm.

Testing Infrastructures

In addition to the prototypes that will be installed in the field, Gamesa will validate the wind turbine's main subsystems at the National Center for Renewable Energies (CENER), a world-class facility where four validation test banks are located, including:

a) Drive Train Test Bank.

b) Generator Test Bank.

c) Nacelle Test Bank.

d) Nacelle Assembly Test Bank.

All of the above reflect the Corporation's commitment of not only becoming the world's point of reference for the wind energy sector, but also to the development of know-how, means of research and development at public and private organizations that will allow it to keep its products at the forefront of technology in the medium to long-term.

Development of Processes

[EC9] The continuous improvement approach is present in all activities and with it quality as the key point in this way of acting. This results in a path toward excellence that is integrated into the quality system through five essential lines of action.

Within this framework, the Corporation ensures compliance is attained for component design processes, the production process and the end product by integrating the logistics and construction processes, service start-up and maintenance, thus guaranteeing the supply of competitive validated products on time.

The Quality Management System has been certified by Lloyd's Register Quality Assurance (LRQA) in accordance with the ISO 9001:2001 standard. This system covers all the activities performed by the Company in the field of wind turbines and applies to all its work centers, both in Spain and abroad. The process assumes the existence of a fully operational organization geared toward complying with contract requirements, having a special incidence on tracking and controlling suppliers. In 2008 alone, this involved the certification of sixty-five new suppliers. The quality certifications in accordance with the ISO 9001:2000 standard ensure that the systems and activities are homogeneously performed across all the Group's work centers and that they are geared to product delivery with customer satisfaction.

AREA	LOCATION	ISO9001	Year
EUROPE-OFFICES	Sarriguren, Spain	✔	2008
	Madrid, Spain	✔	2008
	Zamudio, Biscay, Spain	✔	2008
	Silkeborg, Denmark	✔	2008
	Mutilva, Spain	✔	2005
	Agustinos, Navarre, Spain	✔	2008
EUROPE-NACELLES	Ágreda, Soria, Spain	✔	2005
	Tauste, Zaragoza, Spain	✔	2001
	MADE, Valladolid, Spain	✔	2003
	Sigüeiro, A Coruña, Spain	✔	2001
	Peralta, Navarre, Spain	✔	2008
EUROPE-GEARBOXES	Bergondo, A Coruña, Spain	✔	2005
	Lerma, Burgos, Spain	✔	2005
	Asteasu, Guipúzcoa, Spain	✔	2004
	Munguía, Biscay, Spain	✔	2006
	Foundry - Burgos, Spain	✔	2005
EUROPE-BLADES	Alsasua, Navarre, Spain	✔	1998
	Somozas, A Coruña, Spain	✔	2001
	Tudela, Navarre, Spain	✔	2008
	Miranda, Burgos, Spain	✔	2001
	Albacete, Spain	✔	2001
	Cuenca, Spain	✔	2001
EUROPE-PROTOTYPES	Prototype assembly unit, Imaroian, Navarre, Spain	✔	2005
EUROPE-ELECTRICS	Benissanóv , Valencia, Spain	✔	2006
	Coslada , Madrid, Spain	✔	2005
	Reinosa, Cantabria, Spain	✔	2003
CHINA	Tianjin – Generators	✔	2008
	Tianjin – Gearboxes	✔	2008
	Tianjin – Nacelles	✔	2008
USA	Fairless Hills – Nacelles, blades and offices (Pennsylvania)	✔	2008
	Ebensburg (Pennsylvania)	✔	2008

GAMESA creates COMMUNITIES

55

Customer-Driven Management System

Suppliers: Key Partners

Shareholders' Trust as a Pillar for the Development of Gamesa's Project

Commitment to the Community

A single Aim: Ensuring customers are fully satisfied

The 21st century's economic model is based on the interrelationships among the players taking part in the activity of creating wealth. Gamesa believes that this context requires strengthening links with its stakeholders through the interchange of knowledge about the capacities, needs and expectations which it requires to achieve a more efficient management of its energy solutions. This objective entails creating communities to establish and intensify relationships with customers, suppliers, shareholders, investors and the communities where the Corporation performs its activities. In order to do so, communications with stakeholders constitute a key tool.

CUSTOMER-DRIVEN MANAGEMENT MODEL

[4.14] [4.16] [4.17] Gamesa is characterized by its customer-driven management model. Knowledge and prioritization in response to customer demands and expectations are crucial elements for the Company in its aim to become an essential supplier.

Gamesa's relationship with its customers rests on a transversal organization under a model that integrates key areas of the Company's activity and on the work of an extensive multidisciplinary professional team that is linked to a common aim: ensuring customers are fully satisfied. On the basis of this commitment, the Corporation places at their disposal its knowledge, experience and the means it has available, while at the same time being aware that each customer requires a tailored response that is specifically adapted to its needs and peculiarities. This tailoring is possible for Gamesa as it has taken on board a series of key principles as regards its relationship with customers:

- The capacity to understand the needs of each customer and to keep one step ahead of them. The Company is therefore able to offer competitive advantages, as it has attained a unique overview of each customer, thereby improving the service provided and supplying the channels and the most efficient actions needed in each particular case. This capacity is checked on a regular basis through customer satisfaction assessments on its products and the services it provides, which constitute an essential element to contribute to their continuous improvement.
- The flexibility to offer the Company's customers with innovative technologies, products, services and solutions that allow them to improve their competitiveness.
- The capacity to respond to the specific demands of each customer. The fact that they place their trust in Gamesa to

Signing of a wind turbine generator supply agreement with Longyuan in 2008.

seek a response to their needs is a highly significant responsibility. A response is given to this by:

- Adaptability to the needs of the Company's customers under the technical conditions required and within the necessary deadlines.
- The quest for excellence in each of the activities performed as a differentiating element that creates added value for its customers.

Gamesa is fully aware that its success lies in the success of its customers and that the latter is the basis for building stable long-lasting relationships with each one of them to consolidate its leadership and the Company's strength in innovation.

OUR CUSTOMERS' HIGH SATISFACTION RATINGS

[PR5] The process of ongoing dialog with customers is essential to get to know their needs and requirements. Under this premise, continuous feedback mechanisms have been established that lay down strategic management lines. The customer satisfaction project (CSP) is based on the design of a model that allows the Company to perform efficient management on the basis of analyzing key indicators.

This allows it to gain knowledge of its customers' perception of the Company at all times, as well as of its products and services. The priority lines of action are clear and include gearing the offering to our customers' needs and to the development of new technologies that will allow us to improve the productivity, sustainability and quality parameters of our products. This assessment provides an overview that allows the Company to set strategic lines of action, such as detecting and acting on any areas that may require specific improvements.

In order to do so, the individual attributes of each area are assessed and customer satisfaction levels as regards each one of them is obtained. Each customer's recommendations are recorded. This process is carried out every two years.

The companies that took part in the CSP 2008 accounted for 91% of the MW contracted from Gamesa between 2006 and 2007. The overall level of satisfaction with Gamesa improved in almost all areas involved and reached 85% (the results were weighted on the basis of MW sold during the assessment period).

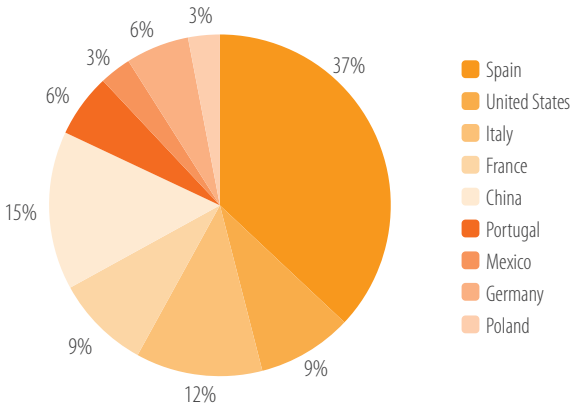
Main Changes in the CSP 2008

- Face-to-face interview with each of our customers.
- Questionnaire focusing on the customer's activities, setting an improvement on their processes as a priority.
- Increase in the number and depth of open questions.
- Important new field in each of the questions broached (assessment and importance).

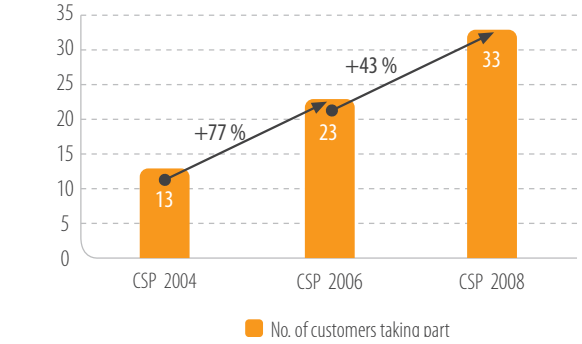
This has enabled us to:

- Strengthen our focus on customers.
- Focus on key aspects of the business.
- Define a framework to gather highly valuable information for their companies.
- Develop a format that allows more dynamic interviews to be conducted.
- Gather data with a view to improving future questionnaires.

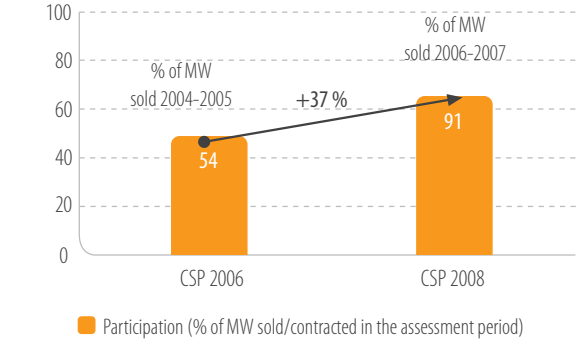
CSP 2008
Geographic Distribution of Companies Taking Part in the Survey



Customer Satisfaction Project
Participation



Customer Satisfaction Project
Representativeness



Survey Methodology

Customers were asked in the survey to indicate the level of importance (on a 1-4 scale of increasing importance) and the level of satisfaction they attributed to a series of aspects concerning the different phases of the activity (promotion phase, building phase, operating phase and a section on overall satisfaction with Gamesa as a company).

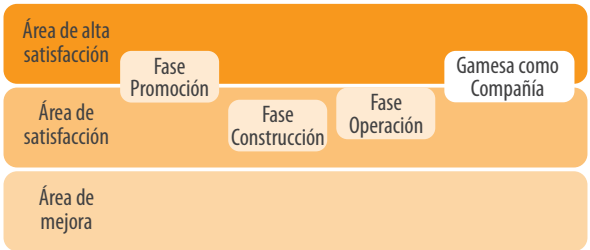
They were likewise asked to make comments through a series of open questions on each of the aforementioned phases.

Area	No. of closed questions	No. of open questions
Promotion Phase	16	5
Construction Phase	13	6
Operating Phase	11	8
Overall Satisfaction	7	12
Total	47	31

Survey Results by Phases

Customers stated they were satisfied with the actions and services provided in the building and operating phases and that they were satisfied or very satisfied with the support given during the promotion phase, as well as with Gamesa as a company.

It should be highlighted that none of the areas included were said to unsatisfactory.



SERVICES ACTIVITY

Gamesa's commitment to its customers goes beyond just supplying and installing wind energy equipment. The Company's integrated response is complemented by a wide-ranging offering of operations and maintenance services, which a team of more than 2,000 in-house and subcontracted professionals undertake to fulfill, taking on technical, quality-related and continuous improvement commitments that are materialized in the maintenance and operation of more than 10,000 MW in countries spread out over four continents belonging to more than 130 different customers.

The efforts made in this regard have been notable, as more than 3,500 MW were incorporated into these maintenance and/or operating tasks in 2008. This represented an increase in the activity of almost 52% when compared to the preceding year. The 200% increase in the American wind energy market had special relevance with a clear positive reflection in the attainment of higher availability rates for the machines. The 30% increase of activities in China is also worth highlighting, as it already has more than 1,040 MW under maintenance.

Gamesa is capable of responding to its customers' highest expectations in this area due to its operating structure and Spanish and international organization, which consists of:

- An operating structure currently distributed in twenty-nine Regional Operating Centers located in Spain, Portugal, France, Morocco, Germany and Poland, Italy, Greece, Ireland and the UK, Hungary, the USA, China, Japan, Tunisia, Egypt and Mexico, which allow it to ensure maximum closeness to the wind farms owned by its clients under maintenance.

  Additional Regional Operating Centers were set up in Italy and China in 2008. The latter is located in Changtu, thereby allowing it to provide service to the Gamesa wind turbines located in the north of the country.

  The first regional centers based in Hungary, Poland, Tunisia and Egypt were also set up over the last year and allowed response times to customer demands to be optimized.

- An extensive logistical network and central, regional and wind farm warehouses with spare parts stock are strategically located to ensure maximum availability of materials as soon as possible. The drive to locate and manage local suppliers in the USA and China during 2008 was particularly significant, where the certification and nationalization of spare parts increased notably.

- A training system to ensure the Company's own staff, as well as subcontracted staff and customers are specialized as much as possible.

  The "CCS Department" within Gamesa's Corporate University is worth highlighting, as is the launch of a worldwide training project based on e-learning.

Worker at the Tortosa Wind Farm, Catalonia (Spain).

Gamesa's operating and maintenance capacity was completed in 2008 with the start-up of the new remote control facility in the USA

A technical office with all kinds of specialists who analyze product performance, as well as who look into and execute any modifications and adaptations needed to maximize the operating results of the Company's customers. Procedural developments and design modifications for maintenance and performance enhancements.

The consolidation of an in-house predictive maintenance technology for its wind turbines, the Gamesa SMP system, should be highlighted, which is based on analyzing vibrations through accelerometer type sensors. This is a leading product in the wind energy market that has been certified by Germanischer Lloyd for the cutting-edge technology with which it is equipped and its overall integration into wind farm communications networks, as well as for its economic profitability.

Gamesa SMP, which incorporates specific features and functionalities for wind turbines, facilitates early fault detection in the machine's main components and helps to plan actions that translate into reduced stoppage times, thereby increasing the useful life of wind turbines.

An organization that is integrated with the quality, safety and environmental health and safety areas, ensuring an appropriate service is provided to the strictest standards and in keeping with each country's legislation.

All of the above allow response times offered to customers to be optimized thanks to the availability of materials and staff, better maintenance with permanent staff assigned to the wind farm and rapid and ongoing communications, which are highly valued by customers.

The Corporation's capacity to operate and provide maintenance was completed in 2008 with the entry into operation of a new remote control facility in the USA. Along with the facilities located in Pamplona, Italy and Germany, this facility allows the parameters of each and every wind turbine making up a wind farm to be viewed. It thus provides customers with the guaranty of optimal operations, as well as the capacity to intervene on their machines on the spot to ensure the highest availability rates are achieved.

The system allows for access to distant locations with maximum transmission capacity through the use of exclusive satellite communications channels. These facilities are complemented with a certified branch office in Pamplona to provide support for the requirements laid down by Red Eléctrica Española.

The development of the Integrated Wind Farm Management System (Gamesa SCADA) is the result of the synergies among Gamesa's different business units. This in-house system increases a wind farm's remote control capacities through state-of-the-art functionalities and includes the capacity to regulate active and reactive power.

Lastly, we should highlight the efforts made last year to adapt the Gamesa G5X-850 kW and Gamesa G8X-2.0 MW product platforms to the strictest grid connection requirements. The number of wind turbines in operation fitted with this enhancement increased by 125% – more than 2,000 wind turbines – when compared to 2007.

ADVERTISING

[PR0] [PR6] One of Gamesa's main tasks is to provide complete, truthful and accurate information about its products, technologies and services. It therefore has sales and communications policies that are respectful to the legitimate interests and rights of those receiving such information and that provides enough transparency to facilitate their choice. This entails taking on the commitment of offering third parties responsible advertising that abides by all codes of conduct and accepting any resolutions issued by fair advertising tribunals in the face of any claims filed by consumers or competitors.

Advertising is placed in the specialized media dedicated to renewable energies and more specifically to the field of wind energy through messages that aim to highlight the strengths of Gamesa's product portfolio, as well as the capacities and added value it provides as a company, while avoiding misleading messages that could lead to errors.

Likewise, any advertising messages drawn up are conceived under the umbrella of an honest and truthful communications policy and no subjective comparisons are made in them. No information is supplied that could lead to a conflict of third-party rights or to a breach of good faith in business or contractual relationships with third parties.G These policies cover all geographic areas where Gamesa has a commercial presence and ensure compliance with legal regulations.

[PR4] [PR7] As a result of all the above, Gamesa was neither involved in any claims nor did it receive any penalties for matters connected with the marketing or advertising of its products in 2007.

The Media Plan covered a total of 130 placements in specialized publications dedicated to the wind energy sector and renewable energies. Gamesa's advertising presence also extends to the main specialized journals of America, Europe and Asia, the Company's priority commercial markets.

SUPPLIERS: KEY PARTNERS

[4.14] [4.16] [4.17] The Procurement Area has focused its efforts on two fundamental objectives within the framework of the Gamesa's Strategic Plan 2006-2008: creating a consolidated global supply chain and laying down management standards that contribute to maintaining rigor and prestige in procurement activities.

[EC6] On the basis of the objectives dealing with a global supply chain, the Procurement Area contributed to fulfilling the Business Plan 2006-2008 through the development of partnership relationships and by reaching framework agreements (known as "joint business plans") with its suppliers. Such plans are built upon the following pillars:

A.-Materializing suppliers' investments to increase their capacity in Gamesa's preferential markets, thus generating development such markets.

B.-Bringing together the efforts made by the Procurement and Technology Departments to implement continuous improvement in terms of quality and costs.

C.-Developing *stable local supply chains* in different geographical areas.

D.-Creating first tier suppliers focused on the reliability of quality and service, as well as the supply chain's simplification and management with a view to achieving lower overall acquisition costs.

In order to create management standards which set out rigor and professionalism as Gamesa's basic guidelines for its suppliers, the following have been started up:

A.-An exhaustive certification procedure for products and suppliers.

B.-An in-house CSM methodology (Component Supply Management) aimed at managing all certification projects which allows:

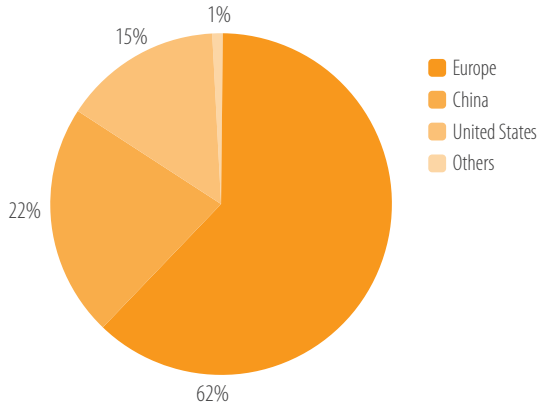
- Capacity to attain production targets to be created.
- Risks with current suppliers (volumes, deliveries, technical, etc.) to be avoided
- Overall acquisition costs to be improved and/or technical enhancements to be achieved.
- The development of a local supplier base in the USA and China to be supported.

C.-A series of procurement general terms and conditions that put into practice our suppliers' commitment to human rights and labor practices, among others.

The Procurement Area has endeavored to ensure the availability of components to accompany and support the strong growth in capacity experienced by the production plants.G In order to achieve this, an effort has been made to do away with bottlenecks that were having an impact on production. Thanks to flexible agreements and stock in consignment there is now greater flexibility in the supply of critical components like gearboxes, bearings, generators, transformers, cast elements and forged elements.

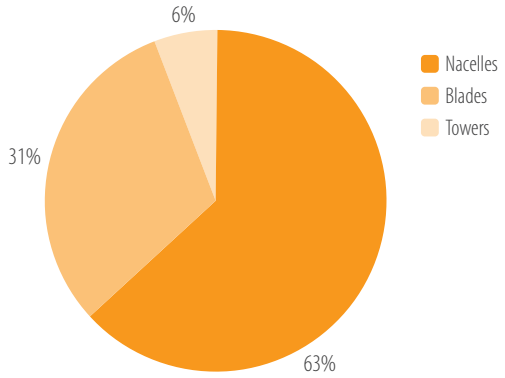
Gamesa has developed a global supply base that allows the Company to balance its purchases on the basis of the best alternative for each destination. The current mix of suppliers by region and business line is as follows:

Gamesa Suppliers in 2008
(Mix by Region)



The Corporation endeavors to generate wealth jointly with its suppliers in the areas where it is present by tending to localize procurement as much as possible. In the case of China, it exceeds the 70% minimum level required by the country's regulatory authorities.

Gamesa Suppliers in 2008
(Mix by Business Lines)



Procurement and Technology pool their efforts to implement continuous improvement in terms of costs and quality

Gamesa seeks to have the same product with the same quality in all the regions in which it operates. This is why the Company trains and develops its supplier base. It therefore provides the technological support needed in each particular case to its current or new suppliers, thereby managing to transfer consolidated fine-tuned processes from one supply chain to another.

In addition, its technical experts collaborate with suppliers on site by means of a certification process in order to attain robust manufacturing processes capable to producing different components in accordance with the quality standards required by the Company.

Developing stable local supply chains in different geographical areas

Following the guidelines set out in the Business Plan, a rapid, reliable and competitive global supply chain has been consolidated in conjunction with suppliers. The Corporation has involved its suppliers in its international growth process, relying on them to put its strategy into effect. Thus:

- The Company took part in an event aimed at suppliers in conjunction with the governments of the Basque Regional Authority and Pennsylvania. The purpose of this initiative was to promote the presence of Basque suppliers in Pennsylvania, so that they could join the local supply base.
- It collaborates with the Government of Pennsylvania in the Wind Energy Supply Chain Initiative (WESCI) in order to attract Spanish suppliers to the US wind energy sector, helping them in the process of establishing themselves in the

Supply chains in the USA and China have been consolidated and have reached the levels of reliability and on-time delivery required

country to generate employment and wealth in the Pennsylvania manufacturing industry linked to the wind energy sector.

The strategy followed has allowed Global Sourcing to be implemented, which seeks the best overall acquisition prices and gives a leading role to the best suppliers at a global level.

The traditional local supply chains in the USA and China have been consolidated and have reached the levels of quality and on-time delivery required, taking into consideration the implementation of synchronized manufacturing model at the plants.

Gamesa jointly faced a series of challenges with its suppliers in 2008.

- Empowering its suppliers as regards achieving deliveries on time in the different continents, working with local currencies and local payments, logistical management and the management of the maintenance and spare parts services.
- Transferring best management practices from Europe to China and the USA to attain trained resources, identical processes and quality assurance having the same levels in all geographical areas.
- Creating wealth alongside its suppliers in the regions by establishing production capacities, implementing a flexible production system and cutting overall acquisition costs.

Creating first tier suppliers focused on the reliability of quality and service, as well as on the supply chain's simplification and management to achieve lower overall acquisition costs.

The Corporation relies on the contribution made by all its suppliers in order to:

- Locally manage on-time deliveries with the cost and quality levels required.
- Grow with its key suppliers in the different continents.
- Reduce overall acquisition costs in the different regions.
- Establish a supply base for the new 4.5 MW model.
- Reach long-term agreements with key suppliers.

Such commitments to suppliers are taken on the basis of the following criteria:

- Transparency
- Trust
- Establishing a common future
- Multi-year agreements
- Seeking to fit in suppliers' business plans with those of Gamesa

The Corporation has focused on attaining a fully integrated supply chain based on a new relationship of partnership, by:

- Sharing visibility
- Keeping one step ahead of problems through:
  - –contingency plans and monitoring mechanisms; production and capacity scheduling shared by both parties
  - –controlling stock levels
- Continuously improving the value chain in terms of performance and costs

Long-term framework agreements have been entered into with key suppliers in order to collaborate on the technological development of the different platforms.

The 100,000th transformer manufactured by ABB at its Zaragoza plant for Gamesa on June 18, 2008 is a good practical example of the growth shared by Gamesa and its suppliers. ABB took the decision to launch this business line in 2005 to regenerate the activity of a plant that first entered into operation in 1950, and ABB has accompanied Gamesa in the growth and expansion it has undergone to become one of the Company's key suppliers (see photograph on p. 64).

Quality and stable supplies are ensured through an exhaustive certification procedure for products and suppliers

A quality assurance process must be passed for a supplier to be included in the supply base. This process includes:

- Supplier recruitment
- Product validation
- Validation of the supplier's manufacturing process
- Start-up of manufacturing
- Assessment and monitoring of mass production

All suppliers are required to obtain the ISO 9000: 2000 or other equivalent quality system certification, which is a prerequisite for being contracted. More than 60% of suppliers have been granted the ISO certification, a figure which will rise due to the actions that have been launched.

In order to ensure compliance with the new REACH Regulation ("Recording, Evaluation, Authorization and Restriction of Chemicals" Regulation) approved by the European Union, Gamesa has launched the relevant actions with its suppliers of chemical substances, such as, for instance, identifying chemicals affected by use restrictions pursuant to this regulation.

The Corporation backs its relationship with its supplier base through the so-called Gamesa Procurement Terms and Conditions (GPTC).

Symbolic delivery of the 100,000th transformer manufactured by ABB in Saragossa (Spain).

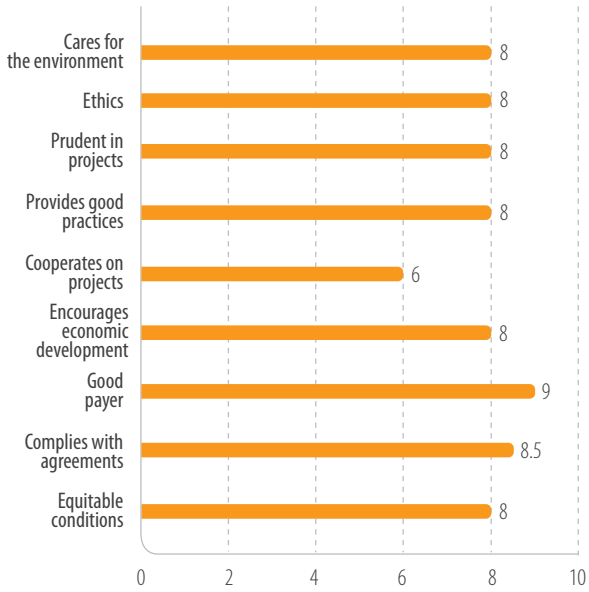
Long-term framework agreements have been entered into with key suppliers in order to collaborate on the technological development of the different platforms

Their aim is to govern the supply of all kinds of goods, equipment and materials, and/or the supply of all kinds of services by suppliers to Gamesa Corporación Tecnológica, S.A. and/or to any company directly or indirectly controlled by it. Given the variety of environments in which the Company operates, there are general procurement terms and conditions for Europe, the Popular Republic of China, the United States, India and the rest of the world.

- Quality: The quality levels which the products/services delivered have to comply with include documents, plans, specifications and delivery rules handed over to the supplier and referred to in the order, along with the provisions set forth in GSQM (Gamesa Supplier Quality Management). Suppliers will be held liable for the quality of the products/services delivered, independently of whether these are manufactured or executed by them or acquired from a subcontractor.

- The Environment: Suppliers have to comply with all the provisions set forth in prevailing environmental legislation on the generation and management of waste, spillages, air emissions, noise and the prevention of soil pollution. They will likewise be held liable for complying with all regulations on the use and storage of chemical products in work areas. In addition, all relevant aspects concerning the environment are assessed during the supplier certification process and compliance thereof is essential to achieve certification.

Analysis of Image at Production Centers (Supplier Assessment)
External Image Study – Final Report (July 2007)
School of Industrial Relations – Universidad Complutense de Madrid



Gamesa monitors breaches of both quantities as well as deadlines by suppliers for reasons that cannot be attributed to force majeur through previously defined procedures. No collaboration agreement with any supplier was rescinded for such breaches in 2008.

Gamesa's cooperation with suppliers has been recognized. The Corporation received a highly positive assessment from its suppliers in a study conducted by the Universidad Complutense de Madrid in 2007 covering a total of ten production centers and twenty wind farms. This study will be conducted again in 2009. In the study, it was recognized that the Corporation promotes the development of local companies, that the customer-supplier relationship was excellent and that the relationship established provided security and ensured business continuity, in addition to compliance with payment guaranties.

Although it can be affirmed that suppliers' view of Gamesa hardly contains any negative aspects, some issues were considered as costly, such as the efforts or changes made by suppliers to adapt to the customer Likewise, delivery deadlines and safety requirements pursuant to the occupational safety and product quality regulations were seen as excessive by suppliers.

Gamesa has created a CSM methodology (Component Supply Management) aimed at managing the entire certification process

[EC6] The most important project consolidated within supply chain management dealt with teamwork as regards quality resources, materials engineering, components engineering, wind energy engineering, manufacturing and procurement through the single CSM (Component Supply Management) process.

Thanks to this process, the development and certification of new suppliers in Europe, China and the United States was carried out. This was a key aspect to attain significant levels of localization within the supply chains:

China: 80%

USA: 70% (includes supplies from the Asian chain)

Procurement's Commitment to Human Rights and Labor Practices

[HR2] A series of procurement general terms and conditions were drawn up in 2008. These explicitly include respect for human rights and labor practices, as well as an evident stance taken against fraud and corruption. Work is now being done to ensure they are fully implemented throughout the supply chain.

These general terms and conditions require suppliers to avoid employing minors directly or indirectly pursuant to the agreement contained in Convention 138 of the International Labor Organization (OIT/ILO).

They also set forth the undertaking that suppliers should not use forced or coerced labor, or use punishment or threats among their employees, along with avoiding any kind of discrimination.

Similarly, these general terms and conditions set forth that suppliers must impede any kind of fraudulent activity by their representatives concerning any amount of money received from Gamesa or from the companies comprising its group.

More than 70% of overall expenditure in 2008 was covered by these clauses and action is ongoing in order to increase such coverage.

STRATEGIC ALLIANCES

Compass Transworld Logistics

Among the Company's strategic alliances, we should highlight that Gamesa and Grupo Bergé set up Compass Transworld Logistics (CTL) in October 2007 to ensure the logistical service's excellence at a moment in which the shipment of finished products to wind farms is becoming a key factor due to Gamesa's international growth and expansion.

After just one year of activity, CTL's turnover reached €150 million with an average workforce of forty employees (with permanent employment contracts) and rotation indexes in keeping with those of the Gamesa Group.

CTL's main operating areas include the following:

Domestic road haulage. CTL consolidated a base of suppliers in 2008 that allow it to guaranty the availability of the means of transport required by Gamesa's growth. It is equipped with 200

trucks prepared to ship special goods (wind energy). It likewise provides the following haulage services:

- From plants to open-field sites
- From open-field sites to wind farms
- From plants and open-field sites to ports (for international projects

CTL shipped 1,735 MW by road and covered over 10,000,000 km in 2008.

Open-field site stock management. The notion and characteristics of strategic open-field sites were defined in 2008 in order to rationalize the management of finished products and to cut storage and shipping costs. The geographic dispersion of open-field sites was corrected by halving their number whilst doubling their available surface area from 400,000 m2 at the beginning of the year to 850,000 m2 the end of the year.

International projects. At the end of the year, more than 700,000 m3 was shipped and more than 200 embarkations we carried out, whilst simultaneously innovating to achieve more sustainable shipments in terms of the environment.

All of this increased the pace of R&D&i investments linked to the wind energy sector by more than €16 million and investments in logistics equipment amounted to €11 million in 2008.

Windar Renovables, S.L.

Likewise, Gamesa and Grupo Daniel Alonso joined efforts to set up the a world leading firm in the manufacturing of wind turbine towers through the incorporation up of Windar Renovables, S.L.

The alliance involved the contribution of both companies' production centers to establish Windar Renovables, S.L., a company in which Gamesa Corporación Tecnológica, S.A. holds a 32% stake and Grupo Daniel Alonso a 68% stake.

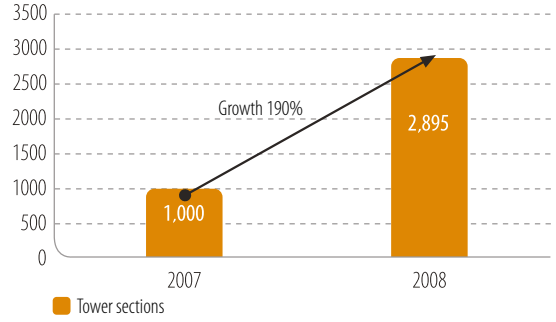
If 2007 was marked by the company's conceptual definition and involved turning the parties' agreement into a business reality, 2008 was characterized by the consolidation of a business project characterized by a vocation for growth and international leadership.

Windar Renovables, S.L. has surpassed all its previous growth and international leadership records.

Growth. Production levels in 2008 reached 2,895 wind turbine tower sections, a 190% increase on 2007.

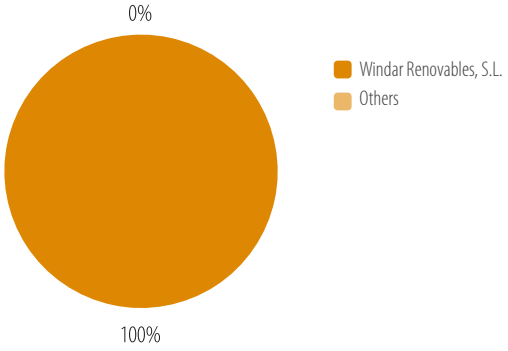
Consequently, Windar Renovables, S.L. handled a 190% rise in metal sheeting when compared to 2007, which amounted to 130,000 tons. This figure was equivalent to 26% of the annual production of a rolling mill having a total capacity of 500,000 tons per year.

Windar Renovables
(Evolution of Production)

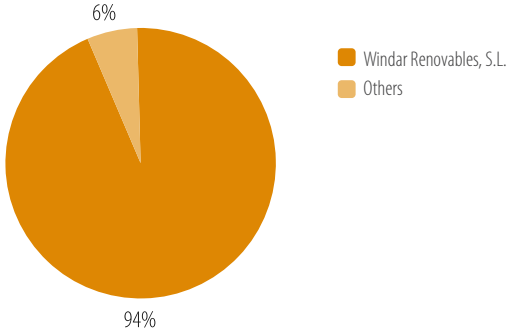


International leadership. Windar Renovables, S.L.'s annual production in 2008 amounted to 1,654 MW (assuming that 3.5 sections of a wind turbine tower are equivalent to 2 MW). This level of production represents roughly 10% of the accumulated installed wind energy capacity in Spain in 2008 (16,754 MW according to GWEC data) and 1.41% of the world's accumulated installed wind energy capacity at the end of 2008 (120,791 MW according to GWEC data).

Installed Wind Energy Capacity in Spain 2008
(Presence)



Installed Wind Energy Capacity in the World 2008
(Presence)



Seaborne shipment of wind turbine towers.

These figures mean that Windar Renovables, S.L. is the largest wind turbine tower manufacturer in Spain and one of the largest in the world.

Social commitment. Windar Renovables, S.L.'s four facilities in Spain employed a total of 550 employees. Of these, 150 were new jobs created in 2008. This piece of data is particularly relevant given the geographic location of Windar Renovables, S.L.'s facilities, which are sited in areas that have undergone a painstaking industrial restructuring like Avilés in the province of Asturias and Linares in Andalusia.

Looking to the future. Windar Renovables, S.L. has begun 2009 by starting to improve its facilities' efficiency in an effort to deal with the challenges faced by the wind energy sector, which maintains its prospects for growth but which is not immune from the macro-economic turbulence seen at the end of 2008 and the beginning of 2009. A production capacity of eighty-seven wind turbine tower sections per week has already been achieved. This improvement guaranties the project's profitability, as well as deliveries of a quality product at the best price with which to compete in the world markets.

SHAREHOLDERS' TRUST AS A PILLAR FOR THE DEVELOPMENT OF GAMESA'S PROJECT

[4.14] [4.16] [4.17] Gamesa Corporación Tecnológica places special attention on a group of partners that have joined the project. In addition to creating value for shareholders, one of the Company's main priorities is reaching high levels or transparency and shareholder participation to reinforce the trust placed in the Company by its shareholders and investors. Changes aimed at reinforcing shareholders' rights and encouraging their active participation at General Shareholders Meeting have therefore been broached.

The commitment to shareholders and the financial community consists of always maintaining a transparent and efficient communications policy by supplying clear, complete, truthful, homogenous information in a simultaneous fashion that enables the Company's management and its economic and financial results to be assessed.

The task of dealing with shareholders and the financial community depends on the Company's Chairman and CEO and is carried out within the Investor Relations Area with the constant support provided by Economic and Financial Management. In addition, the Investor Relations team is capable of disclosing information to the markets rapidly, accurately and reliably under the terms that may be legally required at any moment and about any aspect of the business thanks to the support provided by the managers of the different business areas.

SHAREHOLDER AND INVESTOR COMMUNICATION MECHANISMS

[PR3] [4.16] Gamesa Corporación Tecnológica maintains effective communications with more than 1,500 shareholders, investors and equity analysts recorded in its database, which is updated on a daily basis. The Company deals with their queries on results presentations and relevant disclosures on the Company and provides rapid responses through the Shareholder Information Office and the Investor Relations Department.

The Corporation places at the disposal of its shareholders and the financial community three means of communication in order to maintain direct effective contact with them, including:

Corporate Website

Following the principle of transparent, complete, effective and timely reporting and applying the continuous improvement process to the Shareholder Information Service (and for other stakeholders), a new corporate website was launched having a more dynamic easy-to-use design to make searching for information easier.

The corporate website (www.gamesacorp.es) has a specific section dedicated to investors and shareholders, placing at their disposal all the information on listed corporations required by the National Securities Market Commission, as well as a summary of the main news items and corporate events. Shareholders are given access to documents on General Shareholders' Meetings, Corporate Governance and Corporate Social Responsibility, as well as the results reports published by the Company, an investor's calendar, information on dividend payouts and a list of the forty firms of analysts which monitor Gamesa's stock market evolution.

The Investors and Shareholders section of the website received more than 300,000 visits in 2008, which tripled the number of visits received in 2007.

Most visits coincide with the holding of quarterly results presentations and strategic presentations. Four results presentations were given from Madrid in 2008. These were followed by an average of over 400 people (an 88% increase in the audience when compared to 2007), half of which were international connections. In addition, a presentation was given this year to announce the Company's strategic change in one of its business units.

Such quarterly and strategic presentations, as well as the General Shareholders' Meeting can be viewed in real-time through a videoconferencing or teleconferencing service in both Spanish and English, the details of which are provided on the corporate website. Likewise, anyone who cannot access the website at the moment such presentations are being given may view recordings of these events up to a month after they are held.

Shareholder Information Office

Gamesa Corporación Tecnológica's Shareholder Information Office is a personalized service offered to both individual and institutional shareholders.

The office is equipped with two means of communication: a free shareholder telephone service by dialing 900 504 196 and an e-mail shareholder information service (info_accionista@gamesa.es) in order to maintain fluid ongoing communications, provide any information required by shareholders and gather their suggestions. Shareholders are likewise offered the possibility of being included in the shareholders and investors database in order to receive information about the Company on a regular basis.

The free telephone information service responded to almost 700 calls in 2008, a 40% increase on 2007.

A breakdown by the matters queried in the calls received is reflected in the graph below.

Similarly, the e-mail shareholder information service received more than 600 queries in 2008.

The Investor Relations Department responds to queries from shareholders, investors and equity and socially responsible investment fund analysts on a daily basis

The Office additionally offers a service that sends investors and other people who may request it documents by ordinary mail. The most frequent requests for this service have to do with annual reports.

Investor Relations Department

The Investor Relations Area is responsible for ensuring that information about the Company is efficiently, truthfully and transparently communicated to shareholders and the financial markets. In addition to coordinating the Shareholder Information Office, the Investor Relations Department deals with queries from shareholders, institutional investors and equity market and socially responsible investment fund analysts on an individualized, day-to-day basis. It also continuously supplies information about the news and relevant disclosures published by the Company either through the corporate website or through regular press releases to the financial markets.

The Investor Relations Department additionally provides information on a regular basis to the world's main financial centers and holds face-to-face meetings with institutional investors, market analysts and the rest of the financial community at its offices in Madrid and Bilbao or through teleconferences.

The main means of communication with investors and analysts is through the Company's results and strategic presentations.

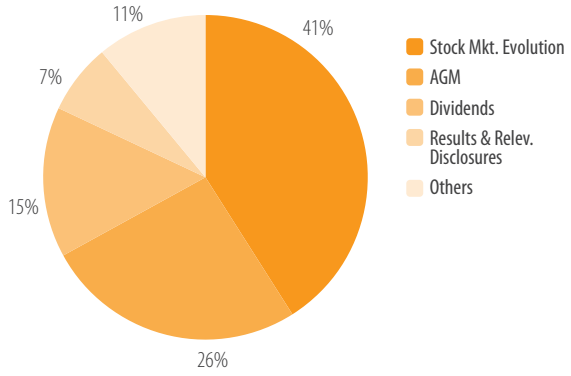
Four results presentations and one strategic presentation were held in 2008 in direct contact with analysts and investors at the Company's offices in Madrid. In addition, these were also made available either direct or recorded through the corporate website.

After each results presentation, the Investor Relations Department rounds off its reporting tasks by carrying out roadshows in the main financial centers of Europe and the United States. One-to-one meetings are organized in order to gain more direct contact with institutional investment funds. These meeting were held in Madrid, Barcelona, London, Paris, Milan, Frankfurt, Zurich, New York, Boston, Washington, San Francisco and Dubai in 2008. The number of funds visited exceeded 200 and the number of meetings amounted to 300.

The Department organized visits to twenty-six of the Company's plants in Spain, China and the USA in order to convey greater knowledge about the activities Gamesa performs to its institutional investors.

In addition, the Corporation made an effort to take an active part in industry-wide forums and conferences organized by a variety of firms of analysts and specialists, which were held in London, San Francisco and Dubai. It also took part in wind energy trade fairs like the one organized by the European Wind Energy Council in Zurich, where meetings with institutional investors were held.

Shareholder Information Office
(Breakdown of Calls)
Total: 700



The increasing interest shown by socially responsible investment funds (SRF) in getting to know about Gamesa and investing in the company is well worth pointing out. Gamesa therefore held meetings with socially responsible investment funds in 2008, in addition to organizing visits to plants for them.

Gamesa is included in the main internationally recognized stock market sustainability indexes as a result of its efforts and concern for sustainable development. It managed to remain in the Dow Jones Sustainability World Index (DJSI), the FTSE-4Good Index and the S&P Global Clean Energy Index for yet another year. It was also included in the Ethibel Excellence Index®, the Global Challenges Index and the CleanTech Index in 2008.

INFORMATION PROVIDED TO ANALYSTS AND INVESTORS

The information provided to analysts and investors revolves around the results presentations conducted by the Company on a quarterly basis, as well as the news items and relevant disclosures it publishes.

The information provided to official bodies was disclosed in accordance with the provisions set forth by the Securities Market Law *(Ley del Mercado de Valores)*. A total of 42 such disclosures were made to the National Securities Market Commission (CNMV), including both relevant disclosures (20) as well as other information (22). In numbers, 2 dealt with strategic agreements and another 4 were about changes to the Board of Directors and other bodies of corporate governance.

GENERAL SHAREHOLDERS' MEETING

[4.4] [4.10] Prior to the time the General Shareholders' Meeting is held, the Shareholder Information Office makes an effort to place all the information legally required at the disposal of shareholders and institutional investors under the terms laid down by the Law and as quickly as possible.

In compliance with the reporting obligations laid down by the Law and in order to promote the participation of its shareholders at General Shareholders' Meetings, Gamesa Corporación Tecnológica likewise posts on its website specific information about the General Shareholders' Meeting (its agenda, the announcement of the meeting and the proposals put forward for resolutions), as well as about the existing channels of information between the Company and its shareholders through which they may request details about the Meeting.

In addition, the Company makes a special effort to encourage the participation of institutional investors. Gamesa gets in touch with its most important shareholders through meetings with investors, taking part in industry-wide conferences and by

The General Shareholders' Meeting 2008.

broadcasting live and recorded results presentations over the Internet. Apart from reviewing the Company's public disclosures and getting to know about investors' standpoints, the aim of these contacts is to inform the Company's shareholders about the date of the upcoming General Shareholders' Meeting (once the date has been published) and to request their active participation in it either by proxy or by voting directly or through electronic means.

Once the investors' availability to attend the General Shareholders' Meeting is known, the Investor Relations team intensifies contacts with any funds interested in taking part. The aim of these contacts is to ensure that the announcement's details and the proposals for resolutions are understood by investors (in many cases foreigners), as well as to ensure they are familiarized with the voting procedure (voting over the Internet, delegating proxies to custodian banks, etc.) each of them intends to use.

Likewise, the Shareholder Information Office offers shareholders attending the Meeting the possibility of raising questions to the members of the Board of Directors under the terms laid down by the Corporations Law *(Ley de Sociedades Anónimas)* and the Company's internal regulations.

In an effort to reinforce shareholders' rights and encourage their active participation, the amendment to the Corporate Bylaws agreed upon last year of doing away with the requirement of holding a minimum of 300 shares to vote and take part at General Shareholders Meeting's was applied for the very first time at the 2008 General Annual Shareholder's Meeting. The principle of "one share, one vote" arose as a means of eliminating voting right restrictions and therefore encourages shareholder participation, which reached 68.83% of the Company's share capital in 2008.

The Corporation thus made a big effort to promote the shareholders' informed participation at the General Shareholders' Meeting through the following measures reflected it its internal regulations:

- Holders of a single share are entitled to attend.
- All shareholders whatever the number of shares they may hold and whose shares are duly registered in their name in the relevant share ledger at least five days before the date set for the General Shareholders' Meeting are entitled to attend.
- Any shareholders representing at least 5% of the Company's share capital may request the publication of an addition to the announcement of a General Shareholders' Meeting, including one or more points on the agenda.
- Shareholders may exercise their vote or designate proxies to do so on any of the points included in agenda the General Shareholders' Meeting through remote means of communication before the General Shareholders' Meeting is held.
- Once the announcement of the General Shareholders' Meeting is published, shareholders may immediately obtain free of charge any documents that will be tabled for approval at the General Shareholders' Meeting, which will appear on the Company's website.
- Before the date the announcement of the General Shareholders' Meeting is published, Gamesa sends all the necessary documents for the General Shareholders' Meeting, including the annual accounts and individual and consolidated management reports, along with their corresponding audit reports to the Governing Body of the Stock Exchange and to the National Securities Market Commission.
- The minutes of the General Shareholders' Meeting are drafted by a notary public.

Of the more than 38,000 shareholders that were registered on the date of the General Shareholders' Meeting through the securities clearing and settlement system, 1,787 attended the General Shareholders' Meeting held on May 30, 2008. One hundred and twenty-five attended personally and 1,767 did so by proxy. The quorum of the General Shareholders' Meeting accounted for 68.83% of the Company's share capital, a positive increase in relation to the 62.61% registered in 2007.

Points on the Agenda	Votes in favor		Votes against		Abstentions	
	Number	%	Number	%	Number	%
1- Examination and approval of the Annual Accounts and the Management Report	167,193,511	99.84	378	0.01	257,954	0.15
2- Examination and approval of the results' distribution	167,438,500	99.99	0	0.00	13,343	0.01
3- Examination and approval of the Board of Directors' management	167,367,452	99.94	378	0.01	84,013	0.05
4- Ratification of Mr. Pedro Velasco Gómez's the appointment as a Director representing a significant shareholder	166,749,944	99.58	169,375	0.10	532,524	0.32
5- Appointment of the Auditor of Accounts	167,233,028	99.87	185,422	0.11	33,393	0.02
6- Authorization for the Board of Directors to acquire treasury stock	166,391,205	99.36	1,047,673	0.63	12,965	0.01
7- Powers of attorney	167,438,500	99.99	0	0.00	13,343	0.01

The company ended 2008 among the nine companies having the greatest stock market liquidity within the IBEX 35

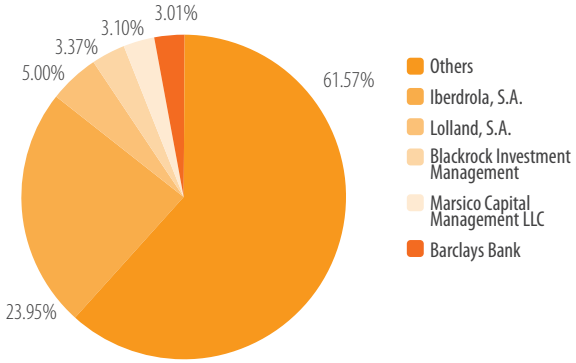
STOCK MARKET EVOLUTION IN 2008

The business's outstanding evolution was not faithfully reflected in the value of Gamesa's share price in the second half of the year. The Company's share price ended the year with a 60% fall, along the same lines as the rest of the companies in the sector in a period when the reference index of the Spanish market, the IBEX 35, fell by 40%.

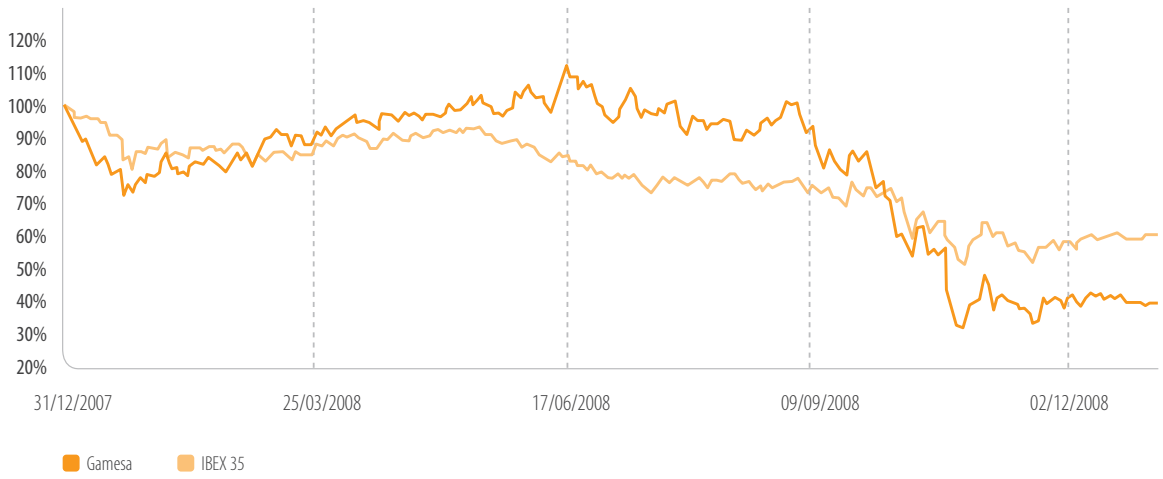
Nonetheless, the share price experienced great fluctuations throughout 2008, reaching a peak of €36.18 on June 17 and a minimum of €10.10 in October. During the first nine months of the year, the Company's share price moved within a range of between €23 and €36. From November, Gamesa's share price was severely punished by the uncertainty affecting the financial markets around the world due to the credit crunch, which resulted in share prices of around €10 per share.

The price of Gamesa shares at the end of the year was of €12.74, an annual fall of 60% in line with other companies in the sector. Despite this, the Company ended the year among the 9 companies having the greatest stock market liquidity within the IBEX 35.

Gamesa's Shareholding Structure
as of December 31, 2008



Evolution of Gamesa's Value



MONITORING THE FINANCIAL MARKET'S PERCEPTION

Gamesa is well aware of the role played by the financial market's perception of the share price. That is why, in addition to keeping its contacts database containing the details of more than 1,500 investors and analysts updated, it regularly tracks the evolution of the recommendations and estimates made by the different firms of equity analysts that cover its shares.

Despite the uncertainties in the stock markets caused by the deepening financial crisis and its impact on the world economy, eight out of ten analysts considered Gamesa shares to be positive for investment portfolios at the end of 2008. More specifically, 58.6% of analysts recommended buying the shares, 20.6% maintaining the shares and only 20.6% of analysts recommended selling them.

This task of monitoring the financial market's perception is materialized in monthly reports, which are brought before the Board of Directors whenever necessary. These reports offer an overview of how the financial market views the Company and aid in decision-making on matters having to do with continuous improvement.

Stock Market Data 2008	
Share Capital (€)	41,360,984
Stock Market Capitalization (€)	3,099,640,777
Free float	61.57%
Share Price	
Maximum (June 17)	36.18
Minimum (October 28)	10.1
Average	25.71
At Year-End	12.74
Gross Dividend per Share (of 2007 Profits)	0.23
Profit (MM €)	320
Earnings per Share (€)	1.315
PER	9.68
Total volume traded (shares)	649,446,247
Average Daily Volume (shares)	2,478,802
Share Capital Rotation	267%

COMMITMENT TO THE COMMUNITY

[SO0] Gamesa's commitment to creating wealth in a profitable and sustained fashion is based on a fundamental principle: improving the quality of life of the communities in which it performs its activities by making commitments to its social environment and offering systematic, fluid and truthful information about its activities. Under this notion, commitments to and support for the community of citizens and their administrations are materialized through actions that are aimed not only at generating employment but also at covering other equally important needs that can be identified with corporate responsibility. Some of these areas of action in 2008 included:

Economic and Social Regeneration

[SO1] Gamesa acts as a highly important catalyst in the economic and social regeneration of the communities in which it operates. This approach has geared its growth project to favoring, for instance, industrial regions undergoing restructuring in the United States by generating employment and wealth in one of the industries having the best prospects for future in the world, the renewable clean energy industry. The Corporation has thus become a point of reference for the Government of Pennsylvania and was prominent in the electoral campaign in the United States in 2008 due to its "green jobs": in other words, regenerating the industrial base through energy obtained locally and in a respectful manner from the environment.

Institutional Support for Research and Technological Development

[SO1] Gamesa's has grown under a favorable policy framework for renewable energies. The specific example of Navarre is well worth highlighting. This was where the Company started up its wind energy activities as fruit of a shared vision: leading the development of sustainable energy technologies as a catalyst in communities. Since then, the Company has chosen Navarre as the birthplace of its technology due to the availability of a highly qualified workforce, as well as the regional government's favorable attitude. In addition to having wind turbine manufacturing activities in the region, it also develops its technologies and designs wind turbines for the future there.

The inauguration of the Wind Turbine Testing Laboratory (LEA - *Laboratorio de Ensayo de Aerogeneradores*) belonging to the National Center for Renewable Energies (CENER) in 2008 set up a unique infrastructure in the world as regards both the power of the machines it is capable of testing, as well as the wide and varied offering of technology services it provides. The laboratory, which is located in the Rocaforte Industrial Park in Sangüesa, Navarre (Spain) and has a surface area of 30,000 m^2, is ready to conduct tests and trials on the latest generation of wind turbines.

[EC8] Forming part of a competitive global supply chain to develop the technologies of the future and meet the develop-

ment needs of the 21st century is likewise a source of pride for small communities. A paradigmatic example of this is Jaulín, a small village of 306 inhabitants in the regional authority of Aragon (Spain), which pioneered the commitment to a change in the energy model. Gamesa installed its Research and Development wind farm in this town, as well as the first prototype of the largest onshore wind turbine in Spain, actions that show a wager placed in favor of that community and a strong commitment made to it.

Another example of support for research and development is the agreement reached with the US Department of Energy (DoE), which signed a Memorandum of Understanding (MOU) with Gamesa and five other wind turbine manufacturers (GE Energy, Siemens, Vestas, Clipper Windpower and Suzlon). The memorandum sets forth a two-year collaboration agreement to research into the methods that would allow wind turbine components to be designed and manufactured; installation and operating costs to be cut; technical and environmental difficulties to be foreseen; and turbine, qualified workforce and grid connection standards to be developed.

Visit of the Government of Aragon's Counselor for Industry, Trade and Tourism, Mr. Arturo Aliaga, to the assembly works of the first Gamesa G10X-4.5 MW wind turbine prototype in Jaulín, Zaragoza.

Social Initiative Projects

[EC8] Cooperation in this field has been focused on initiatives aimed at mitigating socio-economic difficulties in deprived areas. In 2008, Gamesa signed collaboration agreements with the Vicente Ferrer Foundation and the Codespa Foundation. The Corporation channels funds through these agreements and ensures that money is allocated to two development cooperation projects which receive financing under the umbrella of the Navarre Saving Bank's *(Caja de Ahorros de Navarra)* program called "You choose, you decide" *("Tú eliges, tú decides").*

- The project promoted and managed by the Vicente Ferrer Foundation received €58,587 of funding and promotes sprinkler irrigation systems in the Anantapur district in India. The aim of the project is to make a contribution to the living conditions of the deprived rural population in the Anantapur district by improving and optimizing the use of water resources through the installation of sprinkler irrigation systems in rural communities in the area of Nallamanda. A total of 428.33 acres of agricultural land were equipped with sprinkler irrigation systems to benefit 183 families by means of this collaboration agreement.
- The project promoted and managed by the Codespa Foundation received €52,500 of financing and aims to install semi-industrial bio-fuel processing equipment in Barahona in the Dominican Republic. This project was carried out throughout 2008 and part of 2009. The aim of the project is to increase the alternatives for low-income families living in the south-east of the Dominican Republic to generate earnings by producing and selling bio-fuels.

Humanitarian Aid

[EC8] The horrific consequences of the earthquake that occurred on May 12, 2008 in the Chinese province of Sichuan mobilized all of Gamesa's employees to mitigate the pain of the people affected by it as much as possible. On behalf of its employees, the Corporation entered into a humanitarian aid collaboration agreement with Intermon Oxfam – a non-governmental organization dedicated to development (DNGO) – involving the donation of €251,835 in economic aid, allowing the organization to manage these funds. The funds thus collected included donations made by Gamesa employees.

Sponsorship and Patronage

[EC8] As a business group that is integrated into the social environment in which it performs its activities, Gamesa contributes towards improving the quality of life and the creation of wealth through the services it provides and by launching new business activities. It also does so by promoting socio-economic development through non-business channels.

The Company's most significant Sponsorship initiatives carried out in 2008 involved an investment effort exceeding €750,000 and its active participation in the following projects::

- Collaborating with the Government of Aragon to track several specimens of Bonelli's eagle (Hieraaetus fasciatus) in Aragon (Spain). The aim of the technical program involved the banding and tracking of two specimens of Bonelli's eagles using GPS satellite technology. The data thus obtained will be added to the results generated by the program conducted by the Government of Aragon.
- Collaboration with the EXPO 2008 Zaragoza. In 2008, a collaboration agreement was entered into with the State-Owned Company for International Expos, the S.E.E.I. This institution was entrusted with installing, developing, monitoring and operating the Pavilion that represented Spain in EXPO 2008 Zaragoza, whose motto was "Water and Sustainable Development". The EXPO was held in Zaragoza, Spain from June 14 to September 14, 2008.
- Collaboration with the Elhúyar Foundation to sponsor a program aimed at raising awareness about science and technology.
- Sponsorship of the Wind Energy Technical Workshops held during the international trade fair Power Expo 2008 and the first European meeting on risk prevention in the wind energy sector, both of which were organized by the WEA, as well as activities linked to the European Wind Day.
- Other sponsorships concerning education and research on renewable energies to support local communities and to preserve socio-cultural heritage.

As a novelty, it is worth highlighting the inclusion in the Gamesa stand of an audio visual display equipped with 3D stereoscopic technology

International Trade Fairs and Events

Gamesa took part in the main international wind energy trade fairs, including: EWEC 2008 (Brussels), Windpower 2008 (USA), Husum WindEnergy (Germany), Eolica Expo (Italy), Global Windpower (China) and Lawea (México). In Spain, Gamesa also took part in Power Expo (Zaragoza), the most important wind energy trade fair in Spain, and in Egética (Valencia).

As a novelty, it is worth highlighting the inclusion in the Gamesa stand of an audiovisual display equipped with stereoscopic 3D technology that includes a picture taken on top of a Gamesa G8X-2.0 MW wind turbine platform. This display was shown in the USA, Spain and China to the public's acclaim.

Gamesa stand at the Husum Wind 2008 fair in Germany.

Barack Obama met with around 150 Gamesa employees during the Democratic Party primaries in Pennsylvania.

From an institutional standpoint, the following visits stood out in 2008:

- Barack Obama met with 150 Gamesa employees at the Fairless Hills production centers in Pennsylvania on March 11.
- The Spanish Government's Minister for Industry, Tourism and Trade, Mr. Miguel Sebastián Gascón, paid a visit to the Tianjin gearbox and generator plant on October 23.

Aid to Training

[EC8] In 2008, Gamesa signed three agreements with the University of Almería (UAL) that included several actions to encourage the study and dissemination of renewable energies. On the one hand, these three agreements cover mutual collaboration between both organizations and, on the other, a commitment to take part in the funding of training activities that are closely linked to the agreements' scope, namely renewable energies and more particularly wind energy. The actions include setting up an information tent and holding a summer course at the University of Almería organized under the title "Renewable Energies in the Nacimiento District".

In June 2008, Gamesa took part in the 3rd Being Globally Responsible Conference 2008 (BGRC), along with the China Europe International Business School (CEIB). This event was aimed at MBA students to train the global business leaders of the future on Corporate Social Responsibility and raised awareness about the concept in the largest event promoted by business schools in the Asia Pacific region.

[4.12] *Global Action Against Climate Change*

As in 2007, Gamesa was involved in global actions against climate change being one of the signatories of "Caring for Climate: The Business Leadership Platform". The Corporation signed the Poznan Communiqué on Climate Change, along with the main executives of 140 global companies. This document was issued by a group of business leaders involved the fight against climate change during the United Nations Climate Change Conference held in Poznan, Poland on December 1 and 2, 2008 and complements the Bali Communiqué issued by the Group in the preceding year. By means of this Communiqué, countries are urged to agree upon an action plan for the final year of negotiations, which comes to an end in Copenhagen in 2009, and to ensure an agreement enters into force in 2013, when the current Kyoto Protocol expires. The statement also points out that the reduction in greenhouse gas emissions established for the period 2010-2050 should be set under scientific parameters to ensure global concentrations of such gases are stabilized below critical thresholds.

[4.12] *Action in Favor of Sustainable Development*

Gamesa forms part of the Apollo Alliance, a coalition of business, trade union, environmental and civil society leaders that are working on a clean energy revolution in the United States in order to reduce fossil fuel dependence and CO2 emissions, as well as to expand the opportunities of workers and businesses in that country. Through this strategic alliance, the Corporation is collaborating on promoting initiatives and policies that can

The authorities of Tianjin granted Gamesa with the Tianjin Advance Enterprises with Foreign Investment Award.

Companies, which recognizes companies whose export, import and investment activities in other markets were outstanding throughout the year. Likewise, in China, the Tianjin authorities granted Gamesa the Tianjin Advanced Enterprises with Foreign Investment Award 2008 for the combination of sales, profits and taxes generated by the Company, as well as the Haihe River Award 2008, which was granted for contributing to social, economic, technological, scientific and cultural development.

From an environmental viewpoint, Gamesa remained in global environmental indexes that promote leadership in clean energies. The Company once again gained the trust of the KLD Global Climate Index, an index designed to promote investment in companies whose activities have the greatest potential to reduce the social and environmental consequences of climate change. It is a founder member of the Global Challenges Index set up by BÖAG Börsen, which brings together the fifty best companies that develop products and services favoring sustainable development. The Corporation is also included in the CleanTech Index (CTIUS), an index that contains another seventy-five leading listed companies in matters like energy efficiency and renewable energies.

speed up technology investments in clean energies, energy efficiency and the generation of quality employment.

Gamesa has also signed an agreement with the Entorno-BCSD Foundation, an agreement by means of which the Company joins the group of the Foundation's Company Members. The agreement sets out the collaboration between both organizations to conduct joint activities in the field of sustainable development with the final objective of consolidating the Company's leadership in this matter through the start-up of informative, dissemination, training, study and research actions.

Gamesa has therefore come to form part of the Entorno-BCSD-Spain Foundation's work groups to promote specific aspects connected with sustainable development like Energy, Climate Change and Sustainable Construction.

The Corporation is also a member of the *Bizkaia Technology Park Sustainability Forum (Foro de Sostenibilidad del Parque Tecnológico de Bizkaia)*, clearly demonstrating its commitment to the technology park's initiatives that promote the sustainable development of its companies in the areas of transport, energy and the environment.

[2.10] All the activities connected with supporting the communities in which the Company operates, as well as its socio-economic and environmental initiatives received the recognition of a variety of players over the year.

The Corporation's internationalization efforts were recognized by the Imex-Fortis Award for the Internationalization of Spanish

As a result of the transparency and scope of its reporting on sustainability matters, Gamesa was a finalist in the 7th Spanish Company Sustainability Report Awards *(Premio a las Memorias de Sostenibilidad de Empresas Españolas 2008).* This is a unique award in its category and has formed part of European award in this matter since eleven years ago. This prize, which is awarded by professional and independent institutions like the Spanish Institute of Certified Public Accountants *(Instituto de Censores Jurados de Cuentas de España - ICJCE)* and the Spanish Association of Accounting and Business Administration *(Asociación Española de Contabilidad y Administración de Empresas - AECA)*, not only suppose recognition in Spain, but also by the European Sustainability Reporting Association (ESRA) network, which publishes and disseminates information on an annual basis about the companies awarded in their respective countries, as well as the on most outstanding aspects of their Corporate Social Responsibility Reports.

ADDITIONAL COMMUNICATION CHANNELS WITH THE COMMUNITY

[4.16] Gamesa has continued to maintain fluid communication with its stakeholders. The Company published and distributed twenty press releases in 2008. All of these are accessible at the news section of the Web site. In addition, Gamesa gave press conferences to the media on its annual results, half year results, General Shareholders' Meeting and the strategic agreement reached with Iberdrola Renovables, allowing the media to delve further into these outstanding milestones of the year. Meetings with journalists were also held to discuss the latest developments affecting the Company. The reinforcement of all these channels of communication has enabled the link with stakeholders to be strengthened and a community to be created with all of them.

[4.17] Gamesa launched its renovated Web site on April 25. It was adapted to the Company's new visual identity and now has a different structure to the previous one, more in keeping with the "EnergyCulture" concept.

With the support of better graphics, the Web site has managed to go beyond information-related contents to deal with more educational aspects through the use of computer graphics to demonstrate our products, processes or wind energy in general, as well as the possibility of filling in surveys on specific areas like CSR.

Although significant progress had already been made concerning accessibility, the current Web site's architecture and design make information even more accessible, thereby ensuring its web search rankings will improve. The Web portal's architecture is oriented to and structured by/for stakeholders and, in addition to being a statement of intentions, makes browsing easier.

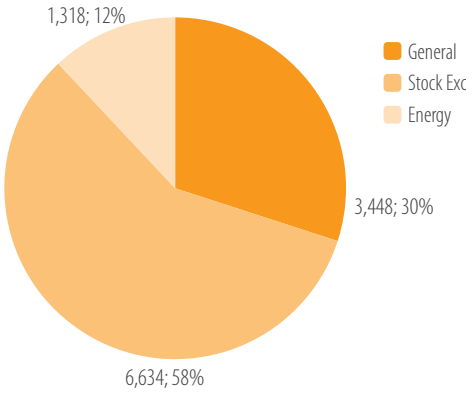
All obligatory legal information appears in the shareholder and investors section pursuant to the provisions set forth by the National Securities Market Commission. In addition, technologies commonly used today as work tools have been incorporated, including:

- Google Maps (for the geolocalization of plants, offices and wind farms)
- Google Videos (allowing Gamesa videos to be posted and viewed easily by any user)
- Search engine (making browsing the site easier)
- Downloadable photographs (for the press, students, etc.)

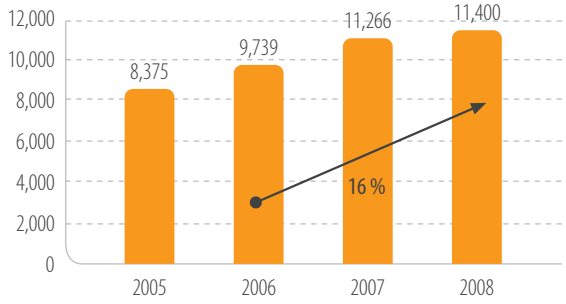
Gamesa appeared around 11,000 times in traditional and online media throughout 2008, a figure which is practically the same as in the preceding year. However, significant differences in the percentages of the types of news items were found. In 2007, approximately 70% of all the news items were related to the Company's share price in the stock exchange. However, in 2008, this percentage fell to around 58%, while news items on the Company's current situation rose from 20% to 30% of the total. Since Gamesa started its internationalization process in 2006, its impact on the media has risen an average of 16%.

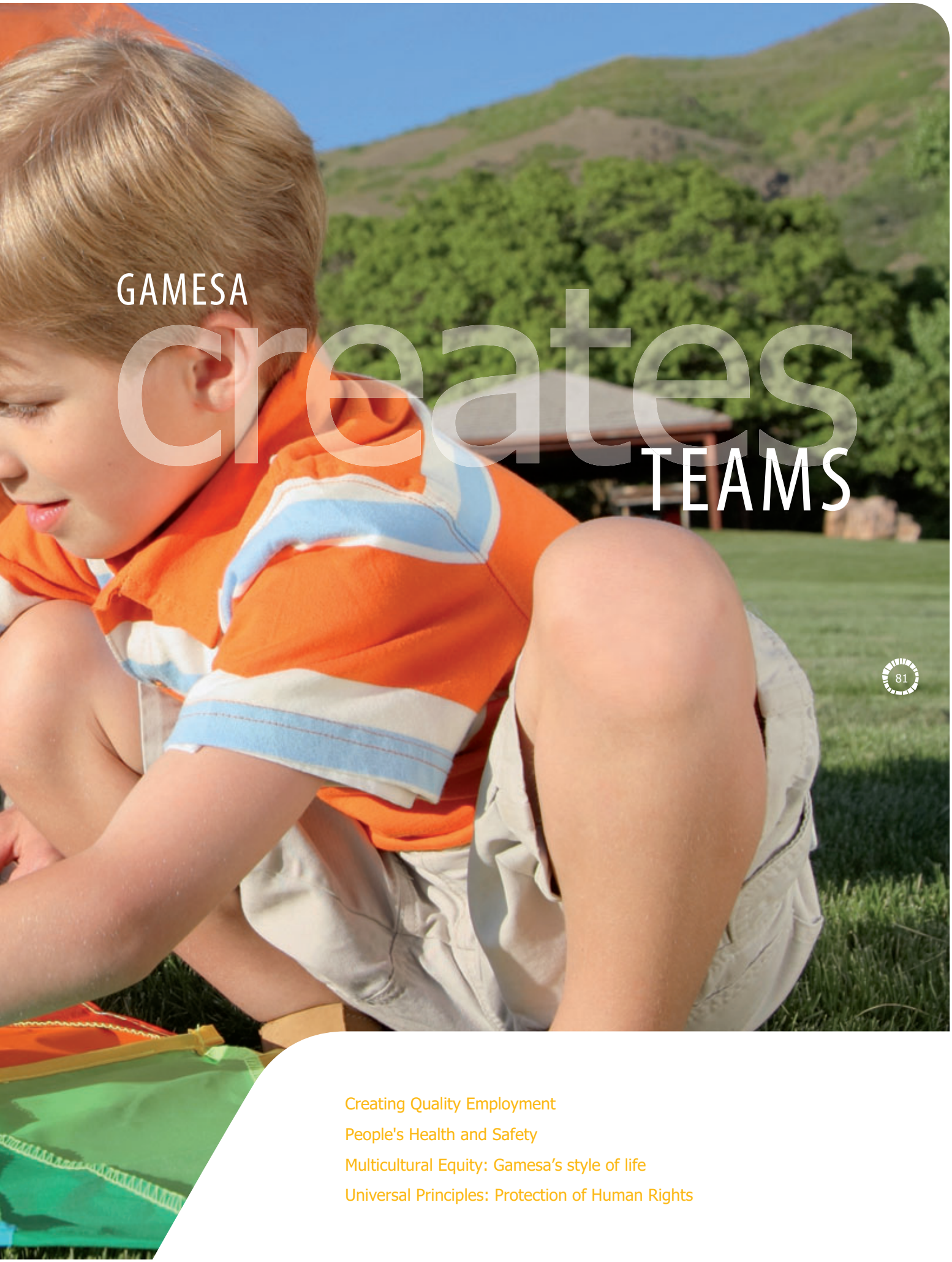
The Corporate Web site received around 1.8 million visits from 190 different countries. The percentage of monthly visits rose after the restructuring carried out in April. Monthly visits rose from an average of 116,000 visits per month to somewhat more than 173,000 visits per month. The total number of visits amounted to around half a million unique users. The average number of pages visited per visit was above two and, as regards the origin of such visits, 70% came from Spain, approximately 10% from the United States and visits from China, France and Mexico accounted for around 3%.

No. of Impacts in 2008
(By Areas)
Total: 11,400



Evolution of No. of Impacts





GAMESA creates TEAMS

81

Creating Quality Employment

People's Health and Safety

Multicultural Equity: Gamesa's style of life

Universal Principles: Protection of Human Rights

Quality employment with an international vocation within a safe work environment

[LA] Human capital management has been consolidated. Gamesa ensures that any aspects having an incidence on the people making up the Company are based on the compliance of Human Rights and corporate values. This is an ongoing task of creating a human team whose maximum performance and contribution is only possible from a series of constant priorities like developing quality job profiles that combine the growth of both the business and the workforce with an increase in diversity and the organization's multicultural nature. Under the framework of labor relations geared towards dialog and social agreements, the Corporation's management promotes professional development and the management of talent. Without losing sight of the business, its results or its corporate objectives, work is being carried out on equal opportunities and the occupational health and safety of every person and activity comprising the Group in order to develop a corporate culture that encourages communication and commitment.

Gamesa creates teams on the basis of:

LEADERSHIP

The Company's workforce and international development continue to grow while it improves on aspects that contribute in a decisive manner to the business, like constantly reducing unwanted rotation levels. A worldwide performance assessment system for all management staff is already in force. Initiatives aimed at contributing to people's career development and employability are being driven forward and internal promotions encouraged. The application of the principle "We do what we say" brings about recognition from the Corporation's environment, ranging from international awards and the approval granted by local communities to the Company's presence in employment forums. The Company's own image is carefully managed.

SUSTAINABILITY

The standard of living of the Corporation's employees is ensured through salary reviews and rises. Emphasis is placed on reducing absenteeism and developing an industrial relations model based on dialog and compromise Social agreements as well as a respect for and defense of employment are the bases upon which collective bargaining on vacations and employability projects are conducted. The commitment to continuous improvement in matters having to do with equality materialized in a diagnosis conducted in 2008 that offers up a clear view of areas that still need improvement.

QUALITY

Professional functions have been established to guaranty the information security, scheduling, management and assessment of training throughout the world, as well as internal communications, the design of career paths and the analysis of all relevant information through a management team.

The Gamesa team met in Vitoria-Gasteiz in May 2008.

TECHNOLOGY

Implementation of computerized human capital management solutions for all functions around the world, SAP, "Gamesa Management by Objectives" (GMBO), e-learning, employment website, intranet and training platform.

CREATING QUALITY EMPLOYMENT

Creating quality employment not only involves creating jobs but also professional projection into the future. People at Gamesa have the chance to work in a competitive sustainable company whose activity makes a contribution to industrial regeneration through the production of energy in ways that protect the environment. Gamesa's human capital management policies are based on the commitment to develop people and are in line with the Corporation's objectives.

As a result of this commitment, the workforce grew in 2008 by +3.48% when compared to 2007 and the year ended with a total workforce amounting to 7,187 employees. Of these, 72% had a permanent employment contract with the Company (exceeding the figure of 68% for 2007). There was also a clear evolution in favor of female employment, which stood at 25% compared to the figure of 22% for 2007.

[EC7] The evolution of Gamesa's international vocation in 2008 can be seen in the number of the Corporation's employees outside Spain, which already reached 31.6% of the total. This vocation is reinforced by the existence of an "International Service Personnel" (ISP) team that contributes to the implementation of processes, systems and the corporate culture through either short-term assignments (less than year) or medium-term assignments (1 to 3 years). There were 368 short-term ISPs and 63 medium-term ISPs.

Workforce Data	2006	2007	2008
Number of Employees	5,420	6,945	7,187
Europe and Rest of the World (ROW)	4,466	4,843	5,175
China	333	893	945
United States	621	1,209	1,067

[LA2] The international project's consolidation and the management process's increasing maturity and development have led to a significant reduction in unwanted rotation indexes in all the regions in which Gamesa operates:

- In the United States of America, the fall amounted to 27.13 percentage points on the preceding year, amounting to 75.8% less.
- It was five percentage points less in China, equivalent to a 43% reduction.
- In Europe and the Rest of the World, it was reduced by somewhat more than 1.29 percentage points in 2008 when compared to 2007, representing a fall of 19%.

[LA7] Gamesa has a young workforce having the opportunity to develop their careers within the company. The average age of the Corporation's workforce was situated at 34.09 years with an average seniority of 4.06 years. Furthermore, the management of absenteeism has allowed for a reduction of 20% in the rate in Europe and the rest of the world when compared to the preceding year and a drop of 13% in the rate in China between January and December 2008.

The quality of employment is also reflected in all those measures that go beyond legal requirements having a positive influence on people's quality of life. In this regard, the Company has implemented work-life balance measures designed to take into consideration the diversity of its workforce and activities. Thus, some of the most outstanding measures different groups of employees can benefit from around the world include:

- Flexi-Time Scheme: Ranging from half an hour to an hour at entry and exit times, as well as at lunchtime.
- Summer timetable (four weeks in summer).
- Vacations: More days of vacations than the statutory minimum, depending on the work center's geographical location and the year.
- Flexible remuneration scheme: Luncheon vouchers, health insurance and nursery payments.
- Integrated assistance for International Service Personnel.
- Integrated personal and professional support scheme, including legal, financial and tax advice, along with psychological family support at the European Wind Farm Promotion and Sales Unit.

In addition, according to the Equality Diagnosis conducted by Grupo BLC in April 2008 on Gamesa's Spanish workforce, we can say that Gamesa complies with all the changes introduced by the Equality Law of March 2007 on the following matters:

- Breastfeeding break entitlement: The Law sets forth the possibility of accumulating it in complete working days.
- Working day reductions: The working day reduction set forth in the new Law may be between 1/8 and 1/2 of the regular working day if a child under the age of 8 is being cared for.
- Paternity leave (Art. 48 of the Workers' Statute): Has a duration of thirteen uninterrupted days, during which Social Security benefit is received.
- Extension of maximum length of voluntary leaves of absence with work post guarantied.

[LA3] Concerning the benefits granted to employees, it should be pointed out that, although the Flexible Remuneration Scheme (FRS) was originally designed for "staff beyond the collective agreement" and "staff having permanent employment contracts", the truth of the matter is that no differentia-

tion is made between employees having permanent employment contracts and employees having other kinds of temporary contracts. All of them can therefore take advantage of the benefits corresponding to their professional category regardless of the type of contract they may have.

LABOR RELATIONS

Gamesa maintains a commitment to ongoing dialog and social agreements with workers through transparent and participatory processes that are construed from the standpoint of cooperation and the involvement of all those involved. This participatory and cooperative approach is based on a total respect for freedom of association.

As regards work centers having an established trade union representation structure, 28 out of 32 work centers in the European Wind Turbine Unit, MADE and the Wind Farm Promotion and Sales Unit that Gamesa has in Spain have trade union representation. The trade union representation figure therefore stands at 87.5%.

Such trade union representation structures cover 100% the production centers in the United States.

Gamesa's Quality Department team in China.

In the specific case of China, the Trade Union Law recognizes the right of workers to form a trade union and request support from the employing company to do so. The National Trade Union is currently working so that the employees may set up their own trade unions. Gamesa is coordinating with the National Trade Union on all the initiatives in order to make the evolution of this proposal possible.

Gamesa has placed a firm wager on social dialog and its most formal expression is the negotiation of the collective agreement.

[LA4] As a result, a total of 3,037 workers were covered under the collective agreement, accounting for 42% of the Company's employees. Forty-seven per cent (2,440) were in Europe, to which 288 will be added in the near future due to the conclusion of another negotiation process in Spain. This percentage figure will therefore rise to 52.71%. A total of 597 were included under the collective agreement in the USA, accounting for 56% of Gamesa employees in that country.

As regards collective agreements, there are 16 collective agreements in effect in the Wind Turbine Unit that have been negotiated with trade union representatives, 6 of these in 2008 and one was signed in 2009 but with effect January 1, 2008. In the USA, the agreement signed in 2007 remains in effect at all production centers.

[LA9] Other examples of social dialog in 2008 included consultations, negotiations and agreements with the trade unions regarding organizational changes, decision-making and management, the most important instances of which are set out below:

In Europe:

- Consultations with the majority trade unions on the Equality Plan which is being drafted.
- Negotiations on the collective vacations scheme for 5 plants in Europe and 2 in the United States of America.
- Negotiations on the new professional classification scheme at two work centers.

Consultations and negotiations in the United States are carried out by means of meetings on a plant-by-plant basis, as well as at quarterly meetings. Whenever it may be necessary, so-called "top-level meetings" (covering Gamesa as a whole) are held, as was the case in: the restructuring of the tower plant agreed upon with the trade union in two phases in 2008; the agreement on the professional training/qualification scheme for plant staff; the collective agreement's updating in July/August; the application of the remuneration scheme linked to quality and attendance; the remuneration scheme's updating; and the agreement to replace the criterion of seniority by qualification in order to be considered for jobs in the maintenance and quality areas.

[LA5] Concerning the minimum periods of prior notice for organizational changes in Europe and Spain, legislation lays down very strict criteria concerning the serving of notice about such organizational changes. Despite this, Gamesa goes beyond its legal obligations and gives notice of such changes before the statutory minimum periods. In the United States, the only legal requirement for notice is serving two month's prior notice in the event of a collective dismissal. This entitlement has not only been recognized but improved upon in the collective agreement.

The commitment shown by Gamesa and the work it has carried out in this regard have been recognized:

- In the United States, Gamesa received the "Eleanor Roosevelt Human Rights Award", which honors individuals, organizations and employees that have used their influence to promote workers' right and extend Human Rights and social justice. This award recognized the important agreement reached upon the signing of the collective labor agreement between Gamesa's management and the United Steel Workers Union (USW), along with its implementation and proactive teamwork to bring about a socially responsible working environment.
- Gamesa was included in "The Labor Day List: Partnerships that Work" (ten companies across the United States) on the basis of being in the "Celebrating Successful Labor Relations Strategies in the New Economy" list drawn up the American Rights at Work Education fund. This publication characterized Gamesa as a company setting trends in making profitability balance with workers' rights and needs in the global economy. It is an example of how a private company can work with government and employment to maximize the possibilities of renewable energies.
- Gamesa is the only leading wind energy firm to have been included in the "Green Jobs Initiative". Gamesa has been honored as an employer in the emerging American economy thanks to its investments in production infrastructures in Pennsylvania, as well as for maintaining open dialog with social stakeholders when defining labor policies. According to the Green Jobs National Conference, Gamesa offers a leading example that is setting trends in the American renewable energies market. The Company was identified as one of the largest green employers that will be crucial to environmental sustainability and it is slated to become an employer of reference for whom people would be proud to work.

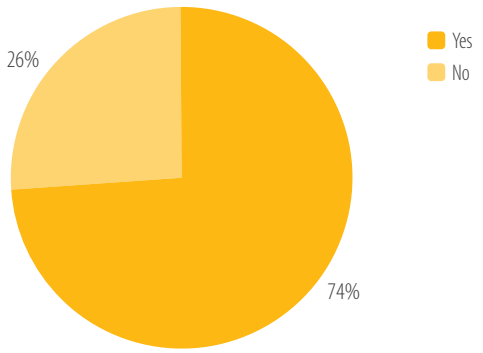
The Gamesa People Survey 2008 was the **first opinion survey** conducted by Gamesa and reached a **participation rate of 66%** of the Group's employees around the world

DEVELOPMENT AND TRAINING

The Corporate Training and Development Area launched two technology solutions aimed at managing the training and development of Gamesa employees in 2008. At the end of 2008, the e-learning training platform was piloted. 72 students from Gamesa's Spanish and American workforces took part, along with American contractors. They had the opportunity to take part in an online Technical Maintenance Personnel Training Course for a total of 330 hours of training. Likewise, a representative sample of Gamesa employees across all professional categories and levels (in Spain, Portugal and China) had the chance to take online language courses through the new corporate training offer. Thanks to this new platform, a total of 715 hours of English language courses were given.

74% of employees that took part in the Gamesa People Survey 2008 confirmed that they had taken part in some kind of training in 2008. The Gamesa People Survey 2008 was the first opinion survey conducted by Gamesa and has reached a participation rate of 66% of the Group's employees around the world, as is explained further below in the section entitled "Employees' Opinion".

Participation in Training Programs
(Working Environment Survey 2008)



[LA10] The training efforts made Gamesa in 2008 gave rise to a training hours per employee figure of 32.79 hours/employee, a rise of 36.05% on the training given in the preceding year. Investment in training amounted to €236.80/employee for the year.

[LA11] All of the above are complemented by programs that promote workers' employability, such as the following:

- The "Being Competitive in-from China" program taught by the CEIBS in Shanghai, China, in conjunction with the Basque Institute for Competitiveness (Instituto Vasco de Competitividad). People holding global responsibilities, as well as high potential International Service Personnel in China and people having an international development background took part.
- Masters and management program subsidies aimed at management personnel.
- Strategic seminar for the management team (110 people) under the framework of Euroteam 2008 given by the IESE Business School and mainly focusing on leadership.

Skills diagnoses and development are basically carried out through an annual performance assessment process. The professional training and development actions for each person are defined on the basis of this process.

ATTRACTING AND RETAINING TALENT

[LA12] Senior management, middle management and specialists making up Gamesa's management personnel undergo annual performance assessments concerning both the year's targets as well as the skills needed to perform in the position.

Performance assessments are aimed at defining remuneration (on the basis of the "pay per performance" criterion) and professional development.

The percentage of employees subject to a systematic performance assessment process at Gamesa reached 39% (2,775 employees) at the end of 2008. Forty per cent were in Europe and the rest of the world (2,128), 31% in the United States (336) and 33% in China (311).

Annual variable remuneration is based on three essential aspects:

1. Creation of value by the Company, assessed through the annual results of key financial targets, such as Return on Capital Employed (ROCE), Operating Free Cash Flow (OFCF) and EBITDA.
2. Competitiveness, which is considered by taking the Company's relative position compared to its competitors. This is determined by applying a positive multiplication factor that maintains, in the worst of cases, or increases the funds allocated to paying for annual variable remuneration.
3. Individual contribution to results, based on personal performance as regards corporate, area and individual targets (Gamesa Management by Objectives Scheme – GMBO).

As regards the distribution of remuneration based on individual performance, the employee's category and expressed as a percentage of total remuneration, the situation at Gamesa in 2008 was as follows:

- Senior Management: The maximum variable annual remuneration target varied between 33% and 23%. Fixed remuneration therefore accounted for between 67% and 77% to total remuneration.
- Middle Management: The maximum annual variable remuneration target was of 17%. In this case, fixed remuneration accounted for 83% of total remuneration.
- Specialists: The maximum annual variable remuneration target was of 9%. Fixed remuneration thus accounted for 91% of total remuneration.

The correlation between variable remuneration with corporate and individual performance in 2008 was as follows:

- For senior management, 100% of variable remuneration was linked to the Company's corporate performance (corporate targets by areas), and for second-level management, 70% of variable remuneration was linked to corporate performance and 30% to individual targets.
- Middle management and specialists: 60% of variable remuneration was linked to corporate performance and 40% to individual targets.

Concerning the type and percentage distribution of performance-linked remuneration, maximum annual variable remuneration was distributed as follows. Senior management between 30% and 50% of annual fixed remuneration; middle management 20% and specialists 10%.

The launch of the Employment Web Portal, which contained 3,946 curricula as well as 132 job offers, likewise became a platform to retain and attract talent. An internal campaign was conducted in the last quarter of the year to raise awareness about and promote employee access to the Employment Portal in order to have a greater number of internal candidates available for the recruitment processes underway throughout the world. Encouraging the development of professional career paths has become one of the Corporation's priority objectives. Proof of this is that fact that in the last month alone 16 employees signed up for job offers through the web portal.

Employees' Opinion

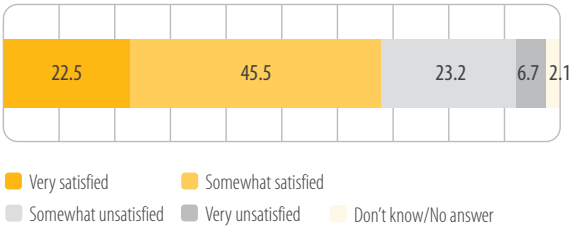
An employee opinion survey (Gamesa People Survey 2008) was conducted in 2008 covering all the countries in which the Company has a presence. The survey was aimed at getting to know the overall level of satisfaction with the Company, as well as each employee's level of satisfaction concerning his/her job (as regards tasks, contents and management processes).

Of a total universe of 6,753 employees, 4,482 interviews were collected. The participation rate was therefore 66%, a figure that was characterized as high in the benchmarking conducted by the external specialist firm (IPSOS) that helped Gamesa conduct the study.

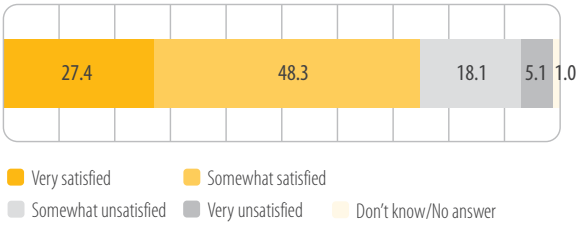
68% of employees stated they were satisfied with Gamesa. Employees' satisfaction with the tasks and contents of their jobs reached the value of 75.7%.

In general terms, Gamesa's results are in line with and are similar to IPSOS standards (for benchmarking) for similar questions. On average the results obtained for overall satisfaction and job satisfaction are better than the IPSOS standard. One of Gamesa's strengths identified in the survey is the high level of employee satisfaction with the jobs they do. Average satisfaction levels for this question significantly exceeded IPSOS's reference figures. Given that this was the first year an open overall opinion survey was conducted on employees, these results will allow us to analyze the future evolution of the variables and aspects taken into consideration.

Taking into account all your experience, please indicate your general level of satisfaction with Gamesa:



What is your level of satisfaction with the job you are currently doing as regards tasks and contents?



The entire workforce of the Gamesa plant in As Somozas (Spain) signed a Safety Commitment.

PEOPLE'S HEALTH AND SAFETY

Gamesa considers people's Health and Safety as its main priority and construes it as a standard of excellence. The exercise of this responsibility covers the whole organization and forms an intrinsic part of managing each person and each activity in an effort that requires everybody's active involvement and participation.

The Company was particularly active in this field in 2008 with organizational changes aimed at integrating occupational health and safety into a single operating unit, the Business Excellence Unit which was represented in the Management Committee and that comprises occupational health, the environment and quality.

The aim of this Unit is to develop a safety, environmental and quality policy that is based on the Company's mission, vision and values. Excellence is the point of reference to achieve an organization that is: free from any injuries affecting the people who directly or indirectly take part in producing, operating and maintaining products and services; free from any negative environmental impacts on its immediate and general environment; and free from any defects in finished or intermediate processes and products.

Gamesa is fully involved in sustainable development. This entails making a very important undertaking concerning the integrity, safety and health of the people it is linked to, as well as respecting and preserving the environment. This undertaking is not only limited to covering its customers but also its suppliers, subcontractors and the communities within which it operates.

Gamesa's Overall Health and Safety Policy materializes this undertaking and is conceived as a strategic tool for the Company's future sustainability. It can count on its employees' full participation, along with that of their representatives, in addition to being open to external cooperation. Through this policy, Gamesa seeks to reach the highest standards in the matter by implementing a management system based on continuous

Cayo y Castilfrio Windfarm, Soria (Spain).

improvement that goes beyond the legal requirements that apply to each of the areas in which it operates.

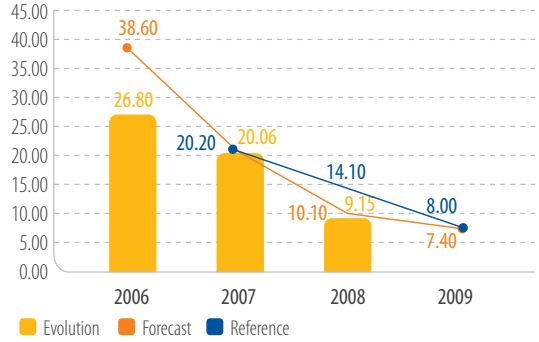
Such undertakings on people's health and safety are made effective in order to:

- Integrate hazard prevention into each of the functions and tasks performed by the Company.
- Ensure that responsibility for health and safety is intrinsically related to holding responsibility for equipment and people.
- Manage the prevention of occupational hazards openly, transparently and through participation, gearing it towards achieving the objective of ZERO ACCIDENTS.
- Encourage the workforce's participation and involvement, as well as that of their legal representatives. Call for the cooperation of any bodies and institutions that may share these objectives.
- Ensure that this policy is fully known, understood, developed the by company's entire workforce and updated for them. Training is considered as a basic prevention tool.
- Monitor safety indicators rigorously and transparently as a tool for continuous improvement.
- Extend this policy to cover external staff linked to Gamesa, starting off with the people performing tasks in our work centers.

Convinced that the effective implementation of any policy should be ensured by setting ambitious targets and objectives that are integrated into management, in 2008 the Company prioritized a series of health and safety objectives and programs deployed across the organization; which are summarized below:

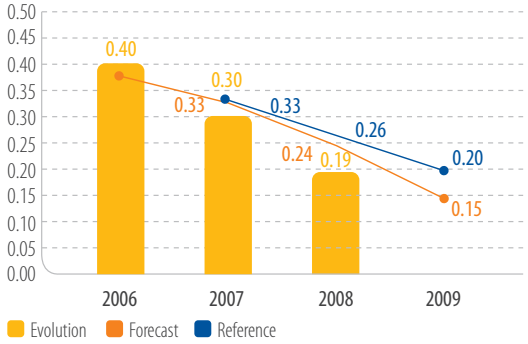
Objective No. 1: REDUCING THE ACCIDENT RATE	**Actions**: • Adapting work equipment. • Adapting layouts. • Ergonomic changes. • Adapting working conditions.	**Indicators:** • Frequency Rate. • Severity Rate.	**Results:** • Improvement in working conditions of processes and products.
Objective No. 2: CONSOLIDATING CULTURAL CHANGE	**Actions**: • Redefining safety values. • Health and safety workshops. • Conducting safety surveys. • Seminars, workshops and others.	**Indicators:** • Health and safety assessment.	**Results:** • Awareness raised. • Consciousness. • Preventive management. • Visibility.
Objective No.3: MONITORING GAMESA'S HEALTH AND SAFETY PERFORMANCE	**Actions**: • Health and safety auditing tools. • Legal audit.	**Indicators:** • Health and safety audit assessment.	**Results:** • Assessment tools. • Management excellence.

Evolution of the Frequency Rate (LWDR)



Number of accidents involving sick leave per million hours worked.

Evolution of the Severity Rate (SR)



Number of working days lost due to accidents involving sick leaver per 1,000 hours worked.

A Safe Working Environment

[LA7] The actions historically performed, along with the results arising from the entry into effect of this ambitious plan have led to a favorable evolution of the accident rate results, as can be seen in the trends of Frequency Rate and Severity Rate indicators shown above:

[LA8] Likewise, the occupational health and safety survey carried out during 2008 was aimed at arriving at a diagnosis of cultural aspects that could have an influence on the Company's subsequent safety results.

A total of 512 people representing all ranks within the organization were surveyed. The results showed that there is a majority stance in the organization that is clearly in favor of Gamesa's present and future actions in prevention matters. The following data are significant:

- 86.2% of those surveyed considered that investments made in prevention are good investments.
- 87% of interviewees stated they were motivated by health and safety issues.
- 75% of those consulted considered safety meetings to be positive.
- 80% of the people surveyed had a good opinion on safety standards and procedures.

The aspects that Gamesa's continuous improvement process focuses on include: internal communications concerning health and safety objectives and results, generalized awareness of the attainment of the targets laid down and the reincorporation of injured workers to work.

Creation of a Safety Culture

October 17 has been institutionalized as "Gamesa Corporación Tecnológica World Occupational Health and Safety Day". It was held for the second consecutive year in 2008 and served as a starting point to renew the occupational health and safety policy, enjoy the achievements reached thus far and raise awareness among employees of health and safety as an essential value that cannot be given up in the Corporation's development.

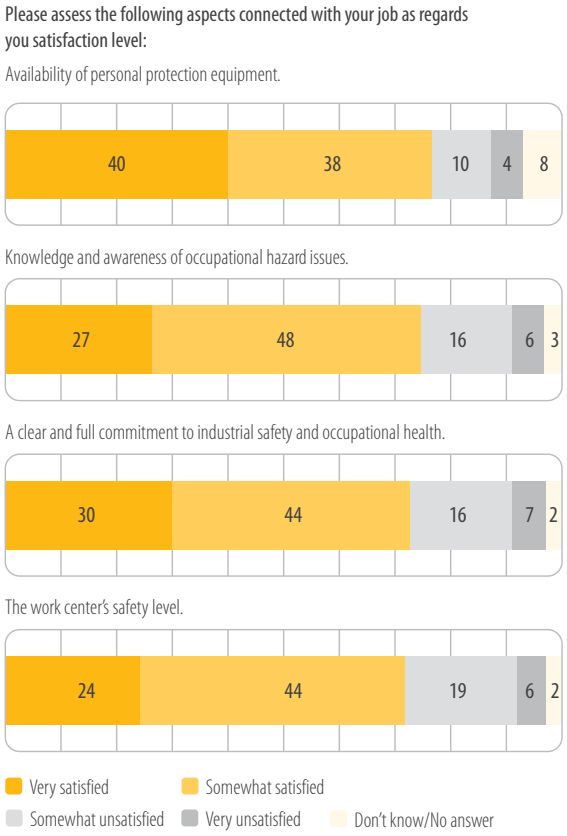
This message is firmly based on the organization's principles and values and can count on the backing of senior management, as is reflected in the message sent by Gamesa's Chairman and CEO to all the Company's employees through the network to celebrate the event.

The most significant event of the day was the participation of employees at all work centers. A host of activities were organized, including: a joint video screening, a time set aside for orderliness and cleanliness, sessions with health and safety officials in offices to correct postures, the hanging of posters and the distribution of two-page brochures explaining the new health and safety policy, fruit for a healthy breakfast at some work centers (like in Germany), an intensive corporate communications campaign with twenty-four message on health and safety broadcast over 24 hours at the rate of one key message per hour, 5 minutes of safety at the plants,...

Internal corporate communications on health and safety issues were reinforced in 2008.

Each time a work center has managed to avoid suffering any accidents during a whole year, a worldwide communiqué is issued to congratulate the employees of the work center that has achieved the milestone. In addition to corporate communiqués recognizing work centers and those on the World Health and Safety Day, a total of 30 key messages on health and safety were sent to Gamesa employees (by e-mail or placed on bulletin boards).

The employee perceptions revealed by the Gamesa People Survey 2008 (in which 66% of the Group's employees around the world took part), have enabled the Corporation to know the level of its employees' satisfaction with health and safety issues connected with their jobs.



Shared Successes in Safety Matters

Under this heading it is worth mentioning some other milestones that have been achieved:

- The frequency of accidents involving sick leave fell by 54.38% when compared to 2007.
- The ergonomic improvements implemented at Gamesa's Ágreda plant reduced the seriousness index of accidents by 50%.
- More than 100 safety courses have been given In the European Sales, Construction and Services area, which have trained more than 850 workers on wind farm hazards.
- The Gamesa-Tianjin Nacelle plant in China, the newest in the Gamesa Group, has gone 506 days without suffering an accident involving sick leave, and the Gearbox Assembly plant in Bergondo in the province of A Coruña has gone 667 days without suffering an accident involving sick leave.
- A park in Cuenca has been named "Espacio Gamesa" (Gamesa Space) by the city hall and the Department of Labor and Employment of the Castilla-La Mancha regional authority to honor the Corporation's commitment to workers' health and safety.
- The Regional Government of Galicia (Xunta de Galicia) has granted Gamesa a subsidy of €70,000 to conduct prevention research and development as a result of its dedication and approach to prevention. This funding will be allocated to improving working conditions in Galicia.

In addition, all Gamesa employees may send queries, doubts or clarifications to the internal e-mail address placed at their disposal: healthandsafety@ gamesacorp.com.

Performance monitored continuously

[LA6] Gamesa has successful undergone a legal occupational hazard prevention audit in Spain covering its wind farm management and wind turbine manufacturing activities, as well as its sales and technical offices. The Company was granted the certification accrediting its occupational hazard prevention system in November.

The audit was performed by an organization, LGAI Technological Center, which has been duly certified by the competent labor authority, on the basis of the preventive organizational modality adopted since May 2007 (Joint Prevention Service). The auditing process is a management tool that endeavors to reflect a faithful image of the Company's risk prevention system by assessing its efficacy and highlighting any deficiencies that could give rise to non-compliances with prevailing regulations, thereby making it possible to take decisions aimed at improving and perfecting it.

The model chosen to implement a new assessment tool geared to excellence in preventive management aims to attain efficacy and efficiency on the understanding that prevention carries a cost, which is always lower than the cost of having no prevention. The aim of this tool is to gear the organization towards attaining suitable working conditions within a process of continuous improvement.

EQUITY AND MULTICULTURAL NATURE: GAMESA'S STYLE OF LIFE

DIVERSITY AND EQUAL OPPORTUNITIES

[LA13] The Corporation is equipped with a Code of Conduct that applies to all employees contractually linked to Gamesa or to any of the Group's companies, independently of their geographical location. In the section entitled General Rules of Professional Conduct, Equal Opportunities and Non-Discrimination, this Code states: *"Gamesa promotes the recruitment and training of its employees, thereby encouraging an atmosphere in which equal opportunities reaches each of its employees, ensuring non-discrimination due to reasons of race, sex, ideology, nationality, illness, religion or any other personal, physical or social condition of its professionals, and rejects any manifestations of harassment"*.

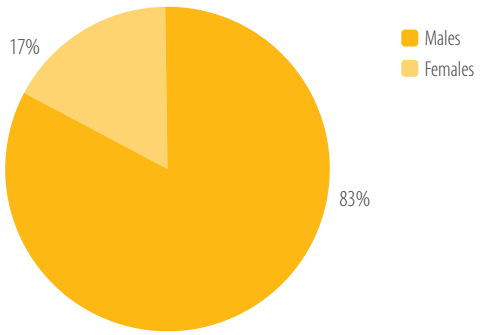
As regards the presence of women in the bodies of corporate governance and in the workforce, women account for 17% of the Management Committee and the figure for the entire workforce rises to 25%.

Equality Program: Gender Diagnosis, the First Step

An exhaustive gender diagnosis was conducted in Spain in 2008 in accordance with the Equality Law of 22 March, 2007. It diagnosed the following aspects concerning workers in Spain:

- The workforce by ranks and business areas.
- People management processes (recruitment, promotion, development, training and remuneration).
- The policy on balancing personal, family and work life.
- Communications, language and image.
- Prevention of sexual harassment.
- Prevention of occupational hazards linked to maternity and pregnancy.

Composition of the Management Committee
(by Gender)



Two workers at the wind Tianjin wind turbine production center in China.

Concerning the data obtained by Grupo BLC on the date the study was conducted (final data from April 2008), it should be pointed out that women made up 27% of Gamesa's workforce. This figure is 9 points above the figures for other companies in the energy sector (according to the data supplied by Grupo BLC). The diagnosis revealed that there has been a positive trend of recruiting women over the last five years. This has led to an increase of 8 percent points in the proportion of women in the workforce when compared to preceding years.

According to the Equality Diagnosis 2008, the Company's recruitment processes did not show any signs of being discriminatory. These processes turned out to be objective and merit-based for jobs requiring an engineering background. Recruitment for such jobs is being carried out in line with their employment situation with a figure of more than 30% of women (for instance, 31.54% of students graduating with engineering degrees in Spain in 2007 were female and in 2006 females amounted to 30.65% according to the National Statistics Institute - INE).

[LA14] The Equality Diagnosis conducted by Grupo BLC did not show any significant differences between males and females as regards the remuneration data analyzed. No significant differences due to reasons of gender in remuneration policies for staff members beyond the collective agreement were detected.

The Company has defined a prevention protocol to deal with situations of moral or sexual harassment and intends to extend it to all its companies around the world.

A magazine built upon the essence of diversity.

Gamesa Planet, a quarterly corporate magazine founded in 2008, is based on 2 basic pillars: people and information. It is a print publication for all employees and provides an overview of all the organization's areas. It is printed on environmentally friendly paper and is published in the 3 languages in which the Corporation performs its day-to-day business. The magazine's aim is to show the faces of the people that have made Gamesa a world leading firm in the generation of sustainable energy, as well as to reveal the background behind the Company's projects. The magazine helps to ensure the Corporation's values, its priorities (especially its health and safety approach), its vocation for the Energy Culture and its respect for and promotion of equality and diversity are shared among its employees.

Another channel of communications is our newsletter called "Renueva, Renews, 超新星", in its different global, local and functional versions. It is published and sent by e-mail to all employees in Spanish and English. This newsletter is circulated through the bulletin boards in production plants in the local language. Thus, in China, the newsletter is translated into Chinese to ensure its messages are understood.

Gamesa Planet,
a quarterly corporate magazine,
was founded in 2008 based on
two basic pillars: people
and information

The intranet was made available to all employees equipped with an e-mail account and network access. A monthly average of 1,411 unique users has been recorded since April. However a peak in users took place in April 2008 with 2,111 unique users to coincide with the inauguration of the intranet. The redesign and updating of the contents in this online information and management platform for Gamesa users was done in October 2008 and was well received by 1,783 unique users. A total of 42,655 visits were recorded by the Google Analytics online statistical tool between April and December (the period in which we commenced to analyze its uses). Similarly, a total of 158,176 pages of the intranet were visited. The average time users stayed inside this internal website exceeded three minutes.

Channels of Participation

Concerning existing systems used to collect employees' suggestions and/or complaints, the Gamesa People Survey 2008 (an opinion survey all employees could take part in anonymously and confidentially) offered the possibility of making comments or suggestions through an open-ended field at the end of the survey. Question 39 offered all of the Company's employees the chance to write anonymously about any aspects or suggestions they wanted to make to senior management without any constraints at all. The Gamesa People Survey 2008 was conducted by the specialized consulting firm IPSOS in accordance with its working remit pursuant to the Data Protection Law, thus guarantying the confidentiality of the responses obtained. A total of 2,026 suggestions and/or comments were collected by means of this channel.

In addition, there has been an e-mail suggestions box available since April 2008. This suggestions box is linked to the corporate internal e-mail communications channel reneuva@gamesacorp.com. Requests for information, suggestions, observations and access requests to other corporate communications channels are also received through this channel. Such requests are personally attended by Internal Communications. 82 requests were received between April and December 2008.

Meetings and Interacting

Two conventions or get-togethers of senior managers from different countries and Gamesa sites were held in 2008:

- An International Managers Convention was held in El Escorial, Madrid (Spain). 93 people took part in this convention. In addition to sharing the preceding year's achievements and setting objectives for 2008, some workshops on developing teamwork skills were carried out through some outdoor training.
- Euroteam 2008.- General and Corporate Managers, along with their immediate subordinates (in Europe) and Spanish plant managers took part in this event (110 in total). The day before the General Shareholders' Meeting was held, this group of mangers shared a day of professional development

focused on a training session on efficient leadership given by a prestigious business school. This meeting is additionally a customary forum for debate and the interchange of opinions about the Company's management model.

Other Energy Culture Spaces: Family, Sport, Colleagues and Commitment

The first Family Day in China was held in June 2008. This is an open day for employees and their families, so that the latter can visit Gamesa's facilities and enjoy educational and fun activities at an event organized by corporate volunteers. (Gamesa Planet, No.1) On June 14, Gamesa flung the doors of its Tianjin plants wide open for the "beloved ones", the employees' family members, so that they could all have a different experience together. A total of 1,206 people took part in the event, 528 of which were employees and 678 family members.

Additionally, the employees of the Benissanó plant in Valencia, Spain celebrated 500 days without an accident with an activity dedicated to the environment and the local community. All the plant's employees shared a day dedicated to the local authority by planting trees.

Family Day in Tianji's facilities.

Employees take part in lots of activities within and out of the organization. Sports activities were held in 2008 in which employees took part (for instance, the company race held in Madrid (Spain)).

UNIVERSAL PRINCIPLES: PROTECTION OF HUMAN RIGHTS

[HR0] [SO3] Two communications campaigns aimed at disseminating the Code of Conduct's contents and the Principles of Corporate Social Responsibility were carried out in 2008. A communiqué was sent on April 11 to the group of senior managers in both English and Spanish to remind them of the Gamesa Code of Conduct and its Principles of Corporate Social Responsibility and what they mean for the organization, as well as on the importance of helping to raise awareness about them from their positions.

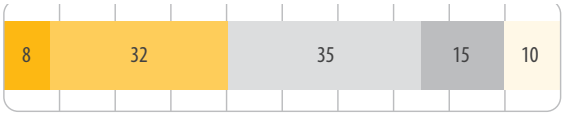
[HR3] A new revised version of the Corporate Code of Conduct began to be circulated at the beginning of December. The initial communiqué sent to the management group was soon followed by a global e-mail campaign through the internal communications channel (Renews internal bulletin) aimed at all employees (those not having access to e-mail accounts have access to the local versions pinned up by human resources on bulletin boards).

All communications issued through the internal bulletin are in both Spanish and English. In addition, the hard copy versions pinned up on bulletin boards are translated into Chinese for the Tianjin plants. The dissemination campaign was reinforced by the posting of the new code on the Group's intranet.

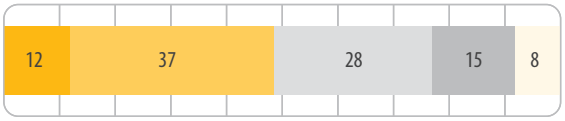
December 10, 2008 was chosen because it was the 60th anniversary of the Universal Declaration of Human Rights (1948-2008). Gamesa did not want to miss out on the chance of once again reminding all employees that it formally joined the United Nations Global Compact in February 2005, committing itself to a series of values and fundamental principles in the fields of human rights, labor rights, the fight against corruption and respect for the environment, as well as of the fact that the spirit of that undertaking remains alive and is being improved by the new version of the Corporation's Code of Conduct.

[SO2] In the employee survey data from the Gamesa People Survey 2008 (in which 66% of employees took part) that contained employees' confidential opinions, an overview can be obtained concerning:

- Existing information on the Code of Conduct and the Principles of Corporate Social Responsibility:



I am aware of the existence of Gamesa's Code of Conduct.



I fully agree
I agree
I disagree
I totally disagree
Don't know/No answer

I consider Gamesa as a socially responsible company having an appropriate Code of Conduct.

- The level of agreement with the affirmation that Gamesa is a socially responsible company having an appropriate Code of Conduct:

I consider Gamesa as a socially responsible company having an appropriate Code of Conduct.

I fully agree
I agree
I disagree
I totally disagree
Don't know/No answer

[HR4] [SO8] In this regard, it should be pointed out that there were no legal proceedings arising from instances of discrimination in China or Europe and the Rest of the World in 2008. There were likewise no employees under the age of 15 (or minors under the age of 18 in the case of work deemed to be dangerous) and no inspections were conducted for child labor by the labor authorities.

[HR7] [HR6] New procurement general terms and conditions were developed that explicitly set forth the commitment of not employing minors, neither directly nor indirectly, as is set forth in Convention 138 of the OIT/ILO. These terms and conditions also lay down the Corporation's commitment to not using forced or compulsory labor, punishments, threats, and to avoiding any kind of discrimination that could threaten the guaranty of preserving universal rights. Gamesa thus ensures that no activities of this kind could pose a potential risk.

[HR5] No activities of the Company have been identified as posing a risk to the freedom of association or of joining collective agreements. In the specific case of China, the Trade Union Law recognizes the right of workers to form a trade union and request support from the employing company to do so. The National Trade Union is currently working so that the employees may set up their own trade unions. Gamesa is coordinating with the National Trade Union on all the initiatives in order to make the evolution of this proposal possible.

[HR8] 100% security personnel forming part of the Integrated Security Department are trained in policies and procedures connected with human rights aspects, as they have their own Code of Conduct. As is set forth in the relevant internal instructions, ISI-1-0011, security staff should perform their work by respecting the ethical values and principles set forth in Gamesa's Code of Conduct. The above-mentioned instruction is distributed to all personnel contracted to provide security services in the company. Security guards must have the necessary qualifications to exercise their function and regularly receive the necessary training to carry out their work by respecting human rights. Security services are contracted out to renowned private security firms that respect human rights and these are therefore directly subject to the procurement clauses that make special mention of this issue.

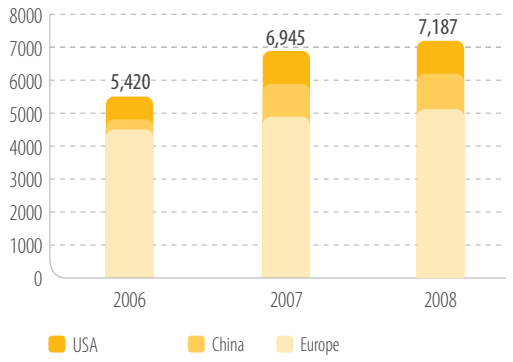
KEY WORKFORCE DATA

[LA1] [LA2]

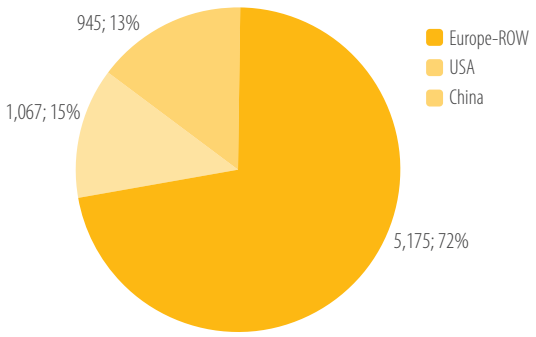
Workforce Data 2008	USA	Europe-ROW	China	Total
Number of Employees	1,067	5,175	945	7,187
Breakdown by Type of Employees				
- % Direct Employees (10)	49%	36%	46%	39%
- % Indirect Employees (11)	51%	64%	54%	61%
Breakdown by Type of Employment Contracts				
- % Permanent	100%	80%	0% (12)	72%
- % Temporary	0%	20%	100%	28%
Breakdown by gender				
- % Female	19%	28%	16%	25%
- % Male	81%	72%	84%	75%
Average Age of Workforce	36.33	34.59	28.96	34.09
Employees covered by collective agreement (%)	56%	47%	0%	42%
No. of employees subject to performance assessment process	336	2,128	311	2,775
% No. of employees subject to performance assessment process	31%	40%	33%	39%
% Disabled employees of total workforce	N.D.	0.3%	N.D.	N.D.
Frequency Index (FI) of accidents involving sick leave (13)	2.47	11.94	4.83	9.15
Seriousness Index (14)	0.02	0.24	0.16	0.19

(10) Direct employees: Personnel operating the Company's production processes.
(11) Indirect Employees: Personnel taking part in the design, assembly, sales and post-sales wind turbine service, personnel providing support to production processes and staff personnel of all the Company's processes.
(12) Pursuant to local Chinese legislation.
(13) Number of accidents involving sick leave per million hours worked.
(14) Number of working days lost due to accidents involving sick leaver per 1,000 hours worked.

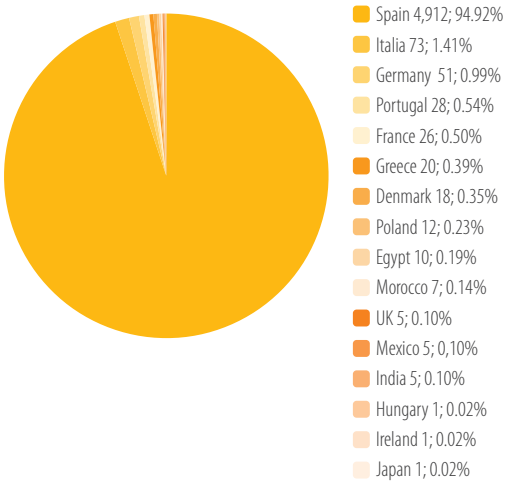
Evolution of Gamesa's Workforce



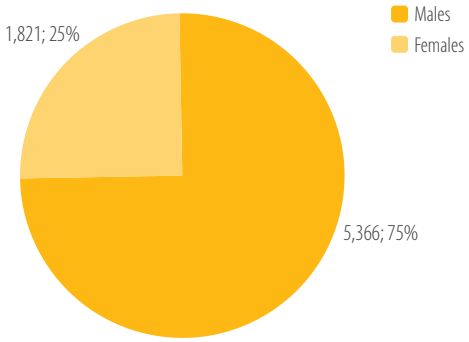
Gamesa's Workforce
(by georgraphical areas) **Total: 7,187**



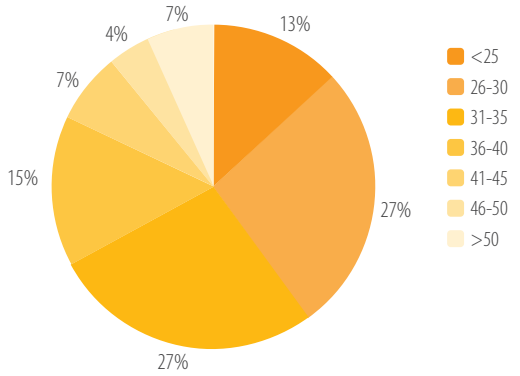
Gamesa's Workforce in 2008
(breakdown Europe-ROW) **Total: 5,175 (% of 5,175)**



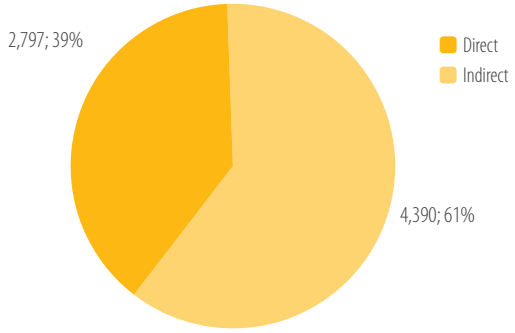
Gamesa's Workforce
(by gender) **Total: 7,187**



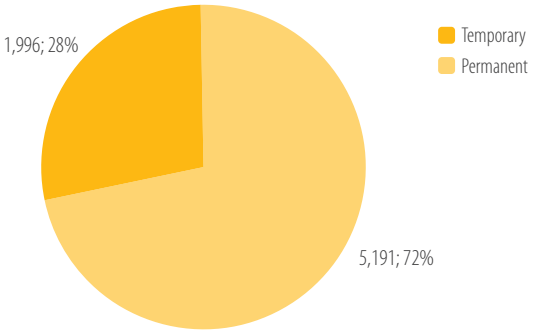
Gamesa's Workforce
(by age group) **Total: 7,187**



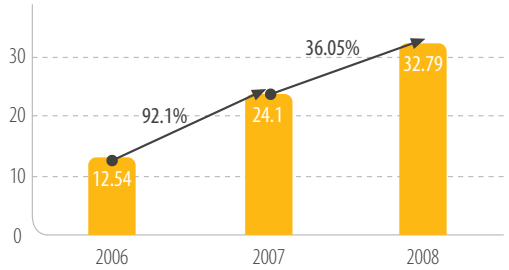
Gamesa's Workforce
(by type of employment) **Total: 7,187**



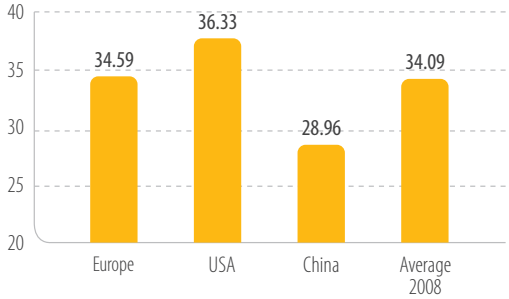
Gamesa's Workforce
(by type of employment contract) **Total: 7,187**



Evolution of Training
(hours/employee)



Gamesa's Workforce 2008
(average age)



GAMESA creates FUTURE

99

Corporate Responsibility When Caring for the Planet

Our Ecological Footprint

New Energy Solutions

Gamesa is a leading point of reference in the creation of a sustainable future

CORPORATE RESPONSIBILITY WHEN CARING FOR THE PLANET

CLIMATE CHANGE

Gamesa's responsible contribution to reducing CO2 levels

[EC2] Climate change is conceived as a series of rapid large perturbations caused to the climate due to a rise in the planet's temperature. Given that climate change poses a serious global risk because of both its environmental impact and its socio-economic effects, many governments are jointly developing measures at an international level to achieve a transition to an economy based on low CO2 emissions. The Corporation has become a point of reference for the creation of a sustainable future in this scenario, in which respect for the environment is a priority issue on the international agenda.

The two most important treaties signed to date are the 1992 United Nations Framework Convention on Climate Change and the Kyoto Protocol adopted in 1997. These treaties have already been ratified by 184 countries, which have voluntarily committed themselves to reducing their greenhouse gas emissions by 5% between 2008 and 2012 compared to the volumes recorded in 1990.

A new global agreement is currently being worked on, which will attempt to intensify the international fight against climate change. New negotiations commenced at the 14th UN Climate Change Conference, which took place in Poznan, Poland on December 1, 2008. It is expected that these negotiations will be finalized in Copenhagen in 2009 and lead to a new agreement to replace the Kyoto Protocol from 2012. Gamesa is actively involved in this future scenario through its contribution to a reduction in the emission of noxious gases to the atmosphere by means of procedures to generate of clean electric power.

[EC8] The Kyoto Protocol sets forth instruments in the fight against climate change through the so-called flexibility mechanisms. One of these mechanisms, known as the clean development mechanism (CDM), is put into effect by carrying out projects in developing countries that involve a reduction in gas emissions. Gamesa has taken part in these CDMs by promoting wind farms across Latin America that have led to a reduction in gas emissions of 725,000 tons of CO2 per year, in addition to collaborating in sustainable economic growth in developing countries:

- The Bii Nee Stipa wind energy project in La Ventosa, Mexico received the approval of the Mexican Committee for Greenhouse Gas Emission Reduction and Capturing Projects in 2005. The project was registered for the United Nations Framework Convention on Climate Change (CDM Ref. 0107). The Bii Nee Stipa III project of 164 MW was registered on February 16, 2007 (CDM Ref. 0517). Bii Nee Stipa, with a total power output of 200 MW, is the first wind energy project registered in Mexico.

- The El Guanillo project of 64.6 MW in the Dominican Republic was registered at the United Nations on October 20, 2006 (CDM Ref. 0715). It should be highlighted that El Guanillo is today the only registered project in the Dominican Republic under this mechanism.

China is another country that can register projects as CDMs. Gamesa has a portfolio in the Chinese market of more than 2,400 MW of wind farms. The company was granted deving 2008 approval to conduct wind measurements and build two wind farms. One of these will be Taipinghan with a power output of 49.3 MW and the other in Zhangijiachan with a power output 35.7 MW, both of which are in the province of Shangdon.

For its part, the European Union hopes to create a low-carbon economy through its energy policy in order to reinforce the Union's security of energy supplies, reduce energy dependence and increase the competitiveness of its member states through the use of more efficient energy.

The objectives set by the European Union have materialized in several directives and recommendations, such as the 1997 White Book and the 2001 Green Book, among others. The Kyoto Protocol was signed by the European Union in 2002, committing it to jointly reducing its gas emissions by 8% when compared to its emission levels in 1990 (15).

Furthermore, the European Union took another set forward at the end of 2008 by putting forward an integrated legislative package on climate change and energy measures that is expected to set new objectives for 2020:

(15) At the end of 2005, the combined emission of all the twenty-seven current member states were 7.9% below 1990 emissions

- A 20% reduction in greenhouse gas emission (30% reduction if an international agreement is reached).
- 20% savings on energy consumption through a more efficient use of energy. The EU expects to cut down on emissions by around 800 million tons a year and achieve savings of up to €100 billion.
- The promotion of renewable energies to reach up to 20% of total consumption. The changeover to renewable energies allows us to cut back on fossil fuel consumption by 200 to 300 million tons a year and achieve an annual reduction of carbon dioxide emissions of between 600 and 900 million tons.

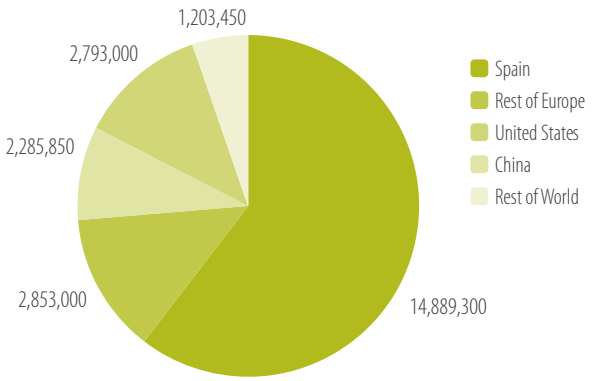
As an EU member state, Spain has launched a series of important initiatives aimed at saving energy, increasing energy efficiency and promoting renewable energies that all contribute to meeting its commitments on greenhouse gas emissions. Spain needs 100 million tons of CO2 equivalent to comply with the Kyoto Protocol [16].

In this context, the Corporation's activity is crucial in the fight against climate change, as the more than 16,000 MW it has installed avoid the emission into the atmosphere of 24 million tons of CO2.

Gamesa is one of the world's leading wind turbine manufacturers

(16) Source: Macroeconomic Study on the Wind Energy Industry's Impact in Spain 2007 (AEE-Deloitte)

Tons of CO2 avoided YTD by Gameaa
(geographical mix)



Considering a conversion factor of 0.6t CO2/MWh

Hence, Gamesa's –one of the world's leading wind turbine manufacturers and in the promotion, construction and sale of wind farms– activities contribute to a reduction in greenhouse gas emissions (GHG), as well as to achieving the Kyoto objectives and to creating a more sustainable future by mitigating climate change.

ENVIRONMENTAL MANAGEMENT APPROACH

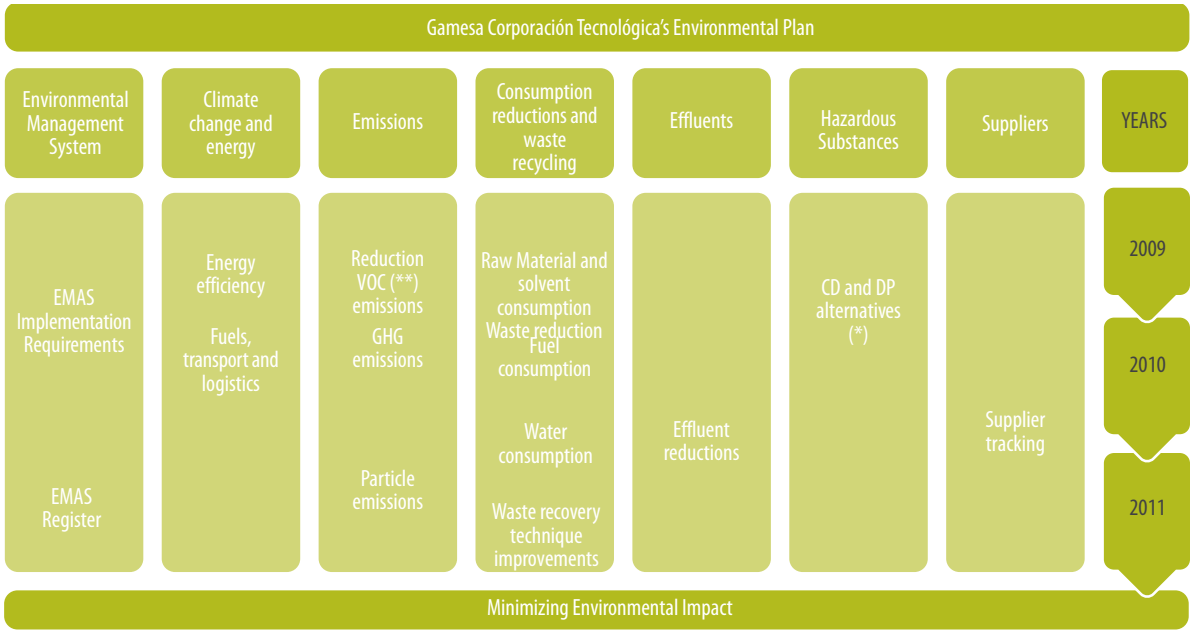
[EN0] Seeing as it is always aware of its own contributions, Gamesa is working to reduce the impact associated with the use of energy. In general terms, its products reduce CO2 emissions and the Corporation limits any impacts its industrial and commercial activities may have on the environment.

The Quality, Environment and Occupational Safety Division (Business Excellence Unit – BEU) was set up in February 2008, which report directly to Gamesa's Chairman and CEO. This Unit's mission is to promote, reinforce and monitor health and safety, the environment and quality. In order to do so, the Business Excellence Unit drives forward the use of world class approaches and tools involving Gamesa's entire workforce and monitors their level of implementation on a regular basis.

To such a purpose, in addition to the health and safety, environmental and quality departments, the BEU was equipped with auditing and continuous improvement departments, which act independently and implement and verify improvements in the different areas' performance.

One of the first steps taken by this Unit was to draw up a corporate three-year plan for its three areas. In keeping with this plan, a table was drawn up defining the objectives for 2009, as a basis for setting the budget to support the actions it has to perform.

The strategic plan 2009-2011 drawn up for the Environmental Area is as follows:



(*) CP & DP: Chemical Products and Dangerous Products.
(**) COV: Volatile Organic Compounds.

ENVIRONMENTAL STRATEGIC OBJECTIVES

The most efficient way to ensure these measures are implemented is to define a series of objectives that can be monitored on a regular basis. The objectives set for 2009 in the table include:

- Hazardous waste: 15% reduction in the generation of hazardous as compared to 2008 levels.
- Non-hazardous waste: 15% reduction in the generation of hazardous was compared to 2008 levels.
- Waste recovery: 10% increase compared to 2008 levels.
- Eliminating the risk of accidental spillages of hazardous substances on unprotected soil, collecting drains or rainwater runoff courses
- Reduction of VOC emissions to below 75% of the limits set for each center.

The Integrated Health and Safety, Environmental and Quality Policy was defined simultaneously to the short and medium-term plans as the first step towards integrating the management systems.

Said document explicitly states that:

Gamesa is a leading multinational Corporation in the development and application of advanced technology in the sphere of wind energy.

The Company has set the objective of fully satisfying its customers across all its processes –design, manufacturing, assembly, on-site assembly, start up and post-sales service– by manufacturing and assembling wind turbine generators, and well as providing them with a post-sales service within a safe working environment and with the maximum respect for the environment throughout their life cycle. In order to do so, the Company follows an advanced quality system committed to meeting the needs and expectations of workers, customers, shareholders and other stakeholders.

ENVIRONMENTAL MILESTONES IN 2008

In addition to defining environmental strategy for 2009-2011, other relevant milestones were reached in 2008, which are set out below:

- ISO 14001 certifications: Five new certifications were achieved in 2008:
  - –China:
    1. Gamesa Blade Tianjin.
    2. Gamesa WindTianjin (gearboxes, nacelles and turbines, the latter was initially foreseen for 2009).
  - –Europe: Gamesa Munguía.
  - –United States: Phase 1 of the certification audit on the blade and nacelle activities in Fairless Hills and on the blade activity in Ebensburg was passed. The documental validity of the management system pursuant to the ISO 14001:2004 was verified. The facilities' certification was granted in the second week of March 2009. This certification was likewise foreseen for 2009.

- Improvement actions and objectives:
  - –Environmental diagnosis: Excellence questionnaires were drawn up for the health and safety, environmental and quality areas once the BEU was set up and a diagnosis was conducted on all Gamesa plants. On the basis of the diagnoses performed, action plans have been set so that a specific level can be reached, classified as "normal", in all the areas thus assessed. The generic actions defined to reach this level amount to 123 per center, of which more than 75% have already been performed.
- Other actions:
  - –More than 700 improvement opportunities were detected in the different centers throughout the year; almost 70% of these were finalized.
- Monitoring and control:
  - –Key environmental indicators were redefined in the second half of 2008, as was the stratification of the data that should be monitored at a plant, component, regional and global level in order to monitor the evolution and possible deviations of such indicators as regards the objectives set. The way in which the results are reached is considered to be as important as the results themselves, seeking tools that ensure the maintenance of results over time. The evolution of the environmental indicators is monitored by the committees set up in the different centers and at the monthly BEU committee meeting at an overall level. Internal benchmarking is performed and best practices are disseminated and implemented based on consolidated data by components and by regions.
- Minimization of waste.
  - –An experimental project on the management of contaminated materials was conducted at the Lerma plant. This resulted in the fact that the hazardous waste was no longer generated, thereby contributing to reduce waste by 3,110 kg.
  - –Wooden pallets were replaced by reusable metal structures whenever possible to transport gearbox elements at the Asteasu plant. This action led to a reduction of more than 50,000 kg in the generation of this kind of waste.
- Elimination of effluent discharges into watercourses.
  - –Investments were made at the Asteasu and Reinosa plants aimed at eliminating effluent discharges into watercourses amounting to 4,500 m3.

OUR ECOLOGICAL FOOTPRINT

Independently of the impact Gamesa's activities generate, these are offset by the products it places on the market and the emission reductions they bring about. Gamesa exhaustively monitors any environmental aspects connected with its activities and, conscious of the fact that its activities are growing, the Company uses a greater number of resources in an effort to reduce the relative impacts it produces, mainly those of the production unit.

The Company's main environmental impact indicators are shown below:

[EN1] CONSUMPTION OF RAW MATERIALS

[EN1] The overall data for raw material consumption are as follows:

Consumption of raw materials (t)	2006	2007	2008
Wind Farm Promotion and Sales	12.6	12.5	9.5
Design, Manufacturing and Installation	88,841.4	133,115.0	183,097.4
TOTAL (t)	88,854.1	133,127.6	183,106.9

The data for 2006 and 2007 have been corrected in this table, which were published in previous years, by subtracting any materials associated with the activity of manufacturing wind turbine towers, an activity which Gamesa no longer performs.

The most common raw materials used in the production processes of the design, manufacturing and operations unit are the following:

Raw Materials (t)	2006	2007	2008
Oils	544.4	1,001.3	1,158.9
Solvents	94.8	169.2	549.1
Paints	24.8	161.5	282.2
Steel and sheeting	3,613.8	13,989.4	8,697.8
Scrap	8,038.8	10,083.3	12,400.3
Casting	7,871.5	488.2	14,803.8
Oxycut	378.4	0.0	0.0
Prepeg	13,083.7	23,178.5	24,204.0
Coatings	604.4	1,670.8	1,015.5
Adhesives	881.2	2,505.3	2,561.8

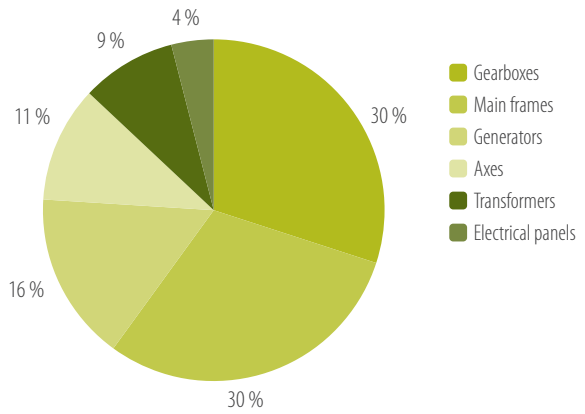
In addition to the materials indicated above, the consumption of 523 units of toner at two business unit should be pointed out.

The breakdown of their distribution among the different functional areas was as follows:

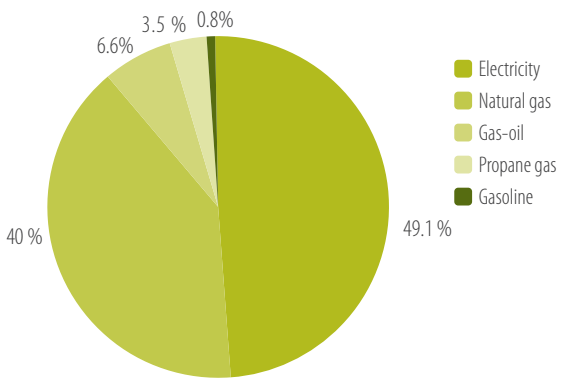
Semi-Finished Products	TOTAL (tons)
Gearboxes	25,418.7
Generators	14,003.8
Main frames	25,443.8
Electrical panels	3,340.5
Axes	9,668.1
Transformers	7,387.6

We construe semi-finished products as any products that form part of the set of products –not disassembled– to assemble an operational nacelle. During 2008, the Wind Farm Promotions and Sale Unit took measures to reduce the consumption of paper by reusing sheets printed on a single side and promoting the use of double-sided printing.

Consumption of Raw Materials 2008
(semi-finished products)



Breakdown of Energy Sources
(direct consumption)



The increase in consumption seen in the manufacturing and installation reflects that fact that activities not included in the 2007 data have been added, such hub assembly in MADE and the activities performed at Ebensburg, which led to an increase of 9,690 tons and 5,131 tons respectively. Such activities were not performed at these plants in the preceding year.

The remaining 20% of the increase can be accounted for by the increase in production undergone by Gamesa, which varies depending on the components (blades, nacelles, gearboxes and generators).

[EN2] Of the materials used in these processes, 2,539 tons correspond to the recovery of scrap.

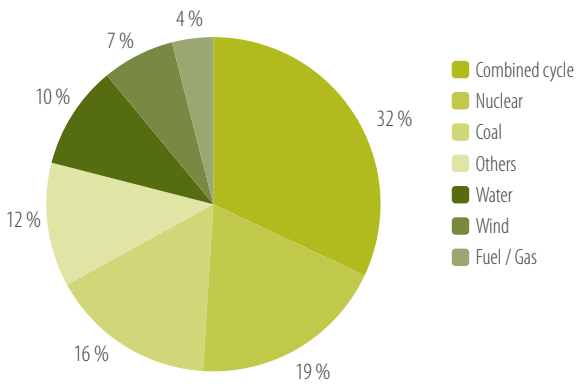
ENERGY CONSUMPTION

[EN3] [EN4] Efficient energy consumption has become one of the pillars upon which Gamesa bases the fight against climate change. When performing its activities, the Corporation consumes energy directly, which is used in its production operations and value chain in packaging, cooling systems, component curing systems and metal casting, among other activities. The indirect consumption of energy is likewise accounted for, which is construed as the energy used to produce and distribute the energy products acquired by Gamesa.

EVOLUTION OF ENERGY CONSUMPTION (GJ)

(17) DIRECT CONSUMPTION	2006	2007	2008
Wind Farm Promotion and Sales	0	0	0
Design, Manufacturing and Installation	147,036	255,484	342,974
TOTAL	147,036	255,484	342,974
(18) INDIRECT CONSUMPTION	2006	2007	2008
Wind Farm Promotion and Sales	8,861	37,092	7,721
Design, Manufacturing and Installation	549,507	907,173	1,006,899
TOTAL	558,368	944,264	1,014,620
TOTAL CONSUMPTION	705,404	1,199,748	1,357,594

Breakdown of Energy Sources
(indirect consumption) - Spanish Energy Mix



(17) Direct Consumption: Primary sources of energy, except electricity, (natural gas, gas oil, propane and gasoline) used in Gamesa's activities.
(18) Indirect Consumption: Primary sources of energy used to produce the electricity which Gamesa uses in its activities.

The 7.4% increase in the consumption of indirect energy when compared to 2007 can be accounted for by the increase of production at the different centers. As a reference, the MW increase for the item that, in overall terms, has risen less stands at 12.57%. This therefore involves a lower level of consumption when compared to the preceding year.

Concerning the indirect consumption of energy, the Gamesa energy efficiency team is conducting audits at the different centers and, on the basis of these, it has installed energy reduction devices in several plants –as part of the LEC project– to achieve average reductions of around 26% in lighting consumption at the facilities where such devices were installed.

WATER CONSUMPTION

[EN8] The water consumption data for the Wind Farm Promotion and Sales area is estimated to a great extent, as there is no evidence of water consumption at most of the offices it rents.

EVOLUTION OF WATER CONSUMPTION (m3)

	2006	2007	2008
Wind Farm Promotion and Sales	3,458	1,896	5,997
Design, Manufacturing and Installation	61,979	113,022	116,282
TOTAL	65,437	114,918	122,279

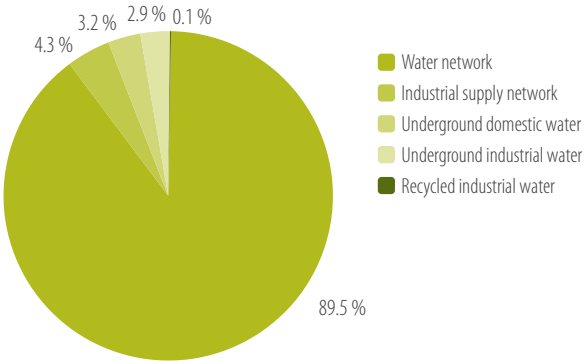
The notable increase in consumption is mainly due to the timely need to fill up firefighting tanks at projects and the increase of workers at the Unit.

Consumption reducing equipment has been installed in several production centers, achieving savings of 26% on lighting consumption

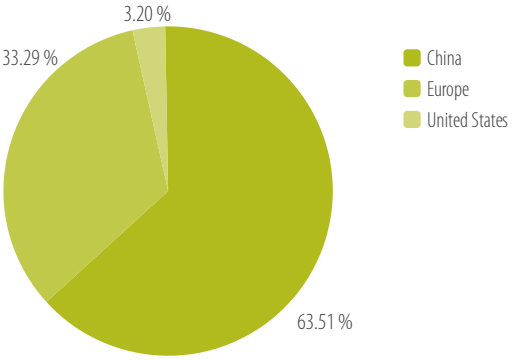
[EN9] 48.11% of the water consumed is for domestic-type use and 30.7% is used for cooling or washing (casting cooling towers and blade cooling, main frame testing unit, water laminate filtering system in painting cabins and test banks) and 18.47% is dedicated to irrigation. Normal water supplies come from local authority sources. However, there are borehole wells in some centers to collect ground water.

[EN10]

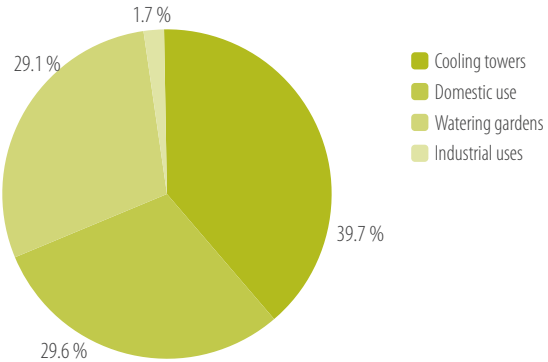
Sources of Water Supplies
(Design, Manuf. and Installation Unit)



Breakdown of Water Consumption by Geographic Distribution
(Design, Manuf. and Installation Unit)



Breakdown of Water Consumption
(Breakdown in China)



Given the high percentage of water consumption accounted for by China with regard to total water consumption, its estimated distribution has been broken down to reveal that 68.8% of consumption is due to evaporation in cooling towers and the watering of gardens.

It can also be observed that China's consumption of domestic-type water is higher than in the rest of the centers. This issue is been set as a specific target for China, based on the afore-mentioned overall indicators for Gamesa.

BIODIVERSITY

[EN25] As in all production activities, Gamesa's production activities need to occupy physical spaces as regards to both industrial processes as well as to the installation of wind farms. From a land quality standpoint, the kinds of surface areas affected by projects can be broken down.

The difference in the total occupied surface area data is due to the fact that in 2006 the criterion of using a wind farm's total grounds as the surface area, while in 2007 and 2008 only the surface area affected by the project was taken into consideration.

In order to calculate occupied surface areas, the data of the following wind farms have not been taken into consideration: Altamira, Cerro de la Higuera, Cortijo Linera, La Allista, El Saucito, Valdefuentes and Fafe Extension.

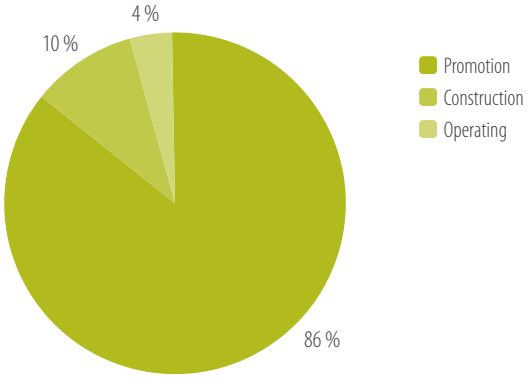
The number of MWs installed doubled in 2008 and the total surface area occupied therefore increased. Nonetheless, based on a priority of mitigating environmental impacts, the surface area covered by natural vegetation has been considerably reduced by applying preventive and corrective measures that make it possible to attain an activity that is more respectful to the environment.

YEAR	Power (MW)	Total surface area (ha)	Crops (ha)	Natural vegetation (ha)	Non-natural vegetation (ha)	Protected spaces (ha)
2006	377.3	154.7	24.8	123.8	0.1	5.9
2007	223.6	45.2	15.5	19.4	10.2	0.0
2008	541.0	69.4	57.2	5.3	6.9	0.3

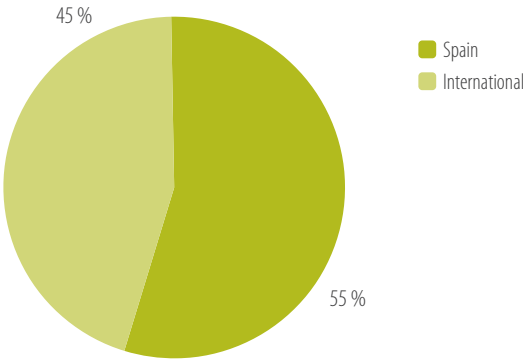
[EN12] [EN11] [EN13] [EN14]

Most Significant Impacts on Biodiversity	Assessment of Impact	Corrective and Preventive Measures
VEGETATION Occupation of natural vegetation, generally mountain spaces	Compatible 78.2% Moderate 17.6% Severe 3.8% Critical 0.3%	• Minimizing effects on tree cover. • Applying environmental restoration techniques.
FAUNA Occupation of aerial spaces by structures	Compatible 62.8% Moderate 30.4% Severe 6.7% Critical 0.0%	• Tracking bird fauna during construction phase and monitoring of bird fauna. • Drawing up a bird fauna hazard plan. • Improving prey populations of birds of prey.
WASTE Generation of inert, urban and hazardous waste	Compatible 98.6% Moderate 0.8% Severe 0.0% Critical 0.0%	• Proper vehicle maintenance. • Proper management of any waste generated.
SOIL Generation of erosion processes	Compatible 81.5% Moderate 15.6% Severe 2.7% Critical 0.0%	• Monitoring and correcting erosion processes. • Working compacted soil. • Minimizing earthworks. • Setting up a water runoff network.
WATER ENVIRONMENT Suspended solids in runoff water during works	Compatible 88.8% Moderate 11.1% Severe 0.0% Critical 0.0%	• Avoid stockpiling in riverbeds and river courses. • Sedimentation traps in drainage networks.
NOISE Hindrances caused by noise in nearby areas	Compatible 62.9% Moderate 35.1% Severe 1.8% Critical 0.0%	• Sufficient distances to population centers. • Monitoring noise through regular checks.
VISUAL IMPACT	Compatible 20.5% Moderate 75.0% Severe 1.5% Critical 2.7%	• Environmental restoration. • Profiling surface areas.
ATMOSPHERE	Compatible 88.8% Moderate 11.1% Severe 0.0% Critical 0.0%	• Reducing vehicle speeds during construction works.

Biodiversity Studies in 2008
(breakdown by phases) Total: 234



Biodiversity Studies in 2008
(breakdown by regions) Total: 234



These indicators were drawn up on the basis of the data from the wind farms whose construction began in 2008, as well as on the data from the wind farms whose construction began in 2007 and which were finalized in 2008. The Portuguese "Fafe Extension" Wind Farm was excluded.

The impacts generated were very similar to those of 2007. However, the critical impacts under the headings of visual impacts and aerial impacts should be highlighted.

Mendota Hills Wind Farm, USA.

Phase	Study	Spain	International	TOTAL 2008
PROMOTION	Preliminary environmental impact studies	50	5	55
	Archeology	3	0	3
	Environmental impact studies	5	19	24
	Bird fauna and bats	17	19	36
	Noise	1	28	29
	Specific environmental studies	23	31	54
CONSTRUCTION	Environmental monitoring	13	2	15
	Archeological monitoring	4	0	4
	Others	3	2	5
OPERATING	Environmental monitoring	7	0	7
	Others	2	0	2
	TOTAL 2008	128	106	234

The number of studies conducted during the year increased as a result of the monitoring and prevention policy the Company applies to the impacts its activities generate on biodiversity.

The number of environmental studies conducted during the promotion phase increased due to the large number of studies conducted by the branches in Galicia, Aragon and Andalusia arising from the awarding of MW tenders in these regions At an international level, the number of studies fell substantially as a result of the reduction of activities in Portugal pending the awarding of MW in a nationwide tender.

The number of studies conducted during the construction and service phases was very similar to the number of the preceding year.

PARKS LOCATED IN HIGH BIODIVERSITY SPACES

Wind Farm	País	Natural Space [EN11]
JaulínR&D & Cabezo Negro	Spain	Bajo Huerva-Plana de Maria (Protected Natural Space)
Alvao	Portugal	Serra do Alvao Natural Park

EMISSIONS

Emissions are generating by the painting, casting and grit blasting activities. The evolution of greenhouse gas emissions, which are necessarily higher due to the increase in production activities, is shown on the following tables. It should be noted that direct and indirect energy consumption arising from the consumption of electrical energy were taken into consideration in order to calculate these emissions.

GREENHOUSE GAS EMISSIONS - CO2 [EN16]

	Unit	2006	2007	2008
DIRECT	t	11,183	16,086	20,223
Wind Farm Promotion and Sales	t	0	0	0
Design, Manufacturing and Installation	t	11,183	16,086	20,223
INDIRECT	t	21,436	41,503	45,340
Wind Farm Promotion and Sales	t	310	1,298	821
Design, Manufacturing and Installation	t	21,126	40,205	44,519
TOTAL CO2 Emissions	t	32,619	57,588	65,563

GREENHOUSE GAS EMISSIONS – CH4 [EN17]

	Unit	2006	2007	2008
DIRECT	Kg	865	1,214	1,463
Wind Farm Promotion and Sales	Kg	0	0	0
Design, Manufacturing and Installation	Kg	865	1,214	1,463
INDIRECT	Kg	431	735	19
Wind Farm Promotion and Sales	Kg	6	26	16
Design, Manufacturing and Installation	Kg	425	709	3
TOTAL CH4 Emissions	Kg	1,296	1,949	1,482
(Conv. factor 21 t eqCO2/t CH4) T of CO2 Equivalent	t eq-CO2	27.2	40.9	31.1

GREENHOUSE GAS EMISSIONS – N20 [EN17]

	Unit	2006	2007	2008
DIRECT	Kg	34	52	68
Wind Farm Promotion and Sales	Kg	0	0	0
Design, Manufacturing and Installation	Kg	34	52	68
INDIRECT	Kg	295	546	13
Wind Farm Promotion and Sales	Kg	4	18	11
Design, Manufacturing and Installation	Kg	291	528	2
TOTAL N20 Emissions	Kg	329	598	81
(Conv. factor 310teqCO2/tN20) T of CO2 Equivalent	t eq-CO2	102	185	25.2

Notwithstanding the data above, the products placed on the market throughout 2008 avoided an exponentially greater volume of greenhouse gas emissions.

[EN18]

Year	<2006	2006	2007	2008
MW installed	7,549	2,296	3,004	3,168
Accumulated MW	7,549	9,845	12,849	16,016 (19)
GWh / year (1)	18,871	24,612	32,122	40,040
t CO2 avoided (2) -YTD	11,322,750	14,767,500	19,273,500	24,024,600
t NOx avoided - YTD	129,740	169,211	220,842	275,282
t SO2 avoided - YTD	71,711	93,528	122,066	152,156
TEP - YTD	1,623,035	2,116,675	2,762,535	3,443,526

(1) Considering the Minimum of Effective Hours = 2,500
(2) Considering the following conversion factors per year of the wind turbine's operation.
0.6 t CO2/MWh
0.006875 t NOx/MWh
0.0038 t SO2/MWh
0.86 TEP/MWh

The workforce of the Benissanó center in Valencia planting trees.

Greenhouse Gas Reductions
(t CO2 avoided due to MW installed)

The products installed to date in the market avoid the emission of 24 million tons of greenhouse gases. This is an essential contribution to the fight against climate change and an example of the Corporation's ability to create the conditions for future sustainability.

The balance of this contribution indicates that Gamesa products have avoided the emission of greenhouse gases amounting to 72 times greater than the emissions generated by its activities.

The products installed to date have avoided the emission of more than **24 million tons** of greenhouse gases

OTHER EMISSIONS [EN20]

	Unit	2006	2007	2008
- CO	t	28.0	104.0	99.7
- NOx	t	27.6	72.7	44.6
- SOx	t	64.5	6.2	0.7
- VOC *(volatile organic compounds)*	t	1.8	3.1	1.4
- Particles	t	2.6	7.3	2.3
- HCx	t	N.D.	3.1	2.3
- COT	t	N.D.	204.3	7.5

The data corresponding to the plants in China are not included, seeing as the parameters to be monitored are different from the ones currently monitored in European work centers.

Concerning cooling equipment, it should be highlighted that the Albacete plant has adapted two cooling devices to replace R-22 coolant with R-404 coolant. New equipment using R-407 coolant has also been installed.

(19) Adjusted data based on the decimal numbers of the accumulated figures above.

OZONE DEPLETING SUBSTANCES (ODS's) [EN19]

	Units	2006	2007	2008
- R12	Kg eq CFC-11	1.6	0.5	1.6
- R22 (1)	Kg eq CFC-11	69.6	50.2	69.6
- R409 (2)	Kg eq CFC-11	0.0	N.D.	N.D.
- R401	Kg eq CFC-11	1.1	1.1	1.1
TOTAL	Kg eq CFC-11	72.31	51.9	72.3

(1) Considering a conversion factor of 0.055 Kg-eq CFC-11
(2) Considering a conversion factor of 0.03 Kg-eq CFC-11

Concerning the measures taken to reduce emissions into the atmosphere, the action performed at the Burgos (casting) plant to collect and filter smoke emitted by its fusion kilns is well worth mentioning. The investment amounted to €75,000. Thanks to this facility, 22,848 kg of casting ash was collected, which was subsequently recovered by Oreland, S.L.

[EN28] Gamesa reached an agreement with the Pennsylvania Department of Environmental Protection (PA-DEP) to put right any breaches of the Approval Plan issued for its Fairless Hill facility (USA). The agreement sets forth the payment of a $639,161 penalty. The main reason behind this penalty is the fact the volatile organic compound (VOC) emissions of the different activities exceeded the statutory limits. These emissions are due to non-compliances prior to 2008.

It is important to clarify that VOC emissions are not measured at the different sources but calculated on the basis of the consumption of different substances and the VOC content of such substances. This is a differential factor with regard to Gamesa's other production centers.

In order to avoid such limits being exceeded in the future, Gamesa approved an investment amounting to approximately $1,000,000 to install a VOC purification plant at its Fairless Hill facility in Pennsylvania.

The implementation of an environmental system based on the ISO 14001 standard has also been driven forward in an effort to exercise greater control over the environmental aspects associated to activities in the USA. Phase 1 of the auditing process has already been successfully completed.

EFFLUENTS

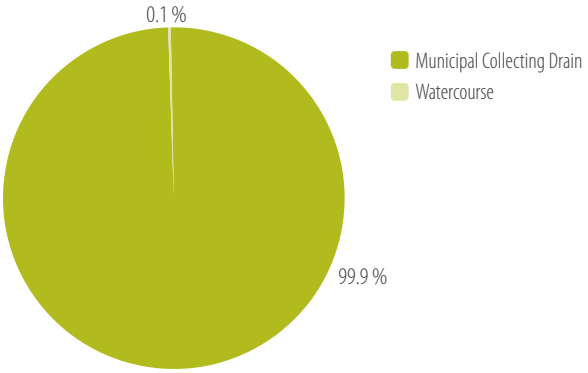
[EN21] Almost all the effluents discharged are domestic-type effluents:

Effluents (m3)	2006	2007	2008
Design, Manufacturing and Installation	46,830.0	60,389.9	51,299.6
Watercourse	7,346.0	4,705.1	40.40
Municipal Collecting Drain	39,484.0	55,684.8	51,259.2
Promoción y venta de parques	2,754.4	1,521.7	1,583.1
Watercourse	54.2	N.D.	8.7
Municipal Collecting Drain	2,700.1	1,521.7	1,574.4
TOTAL	49,458.4	61,911.6	52,882.7

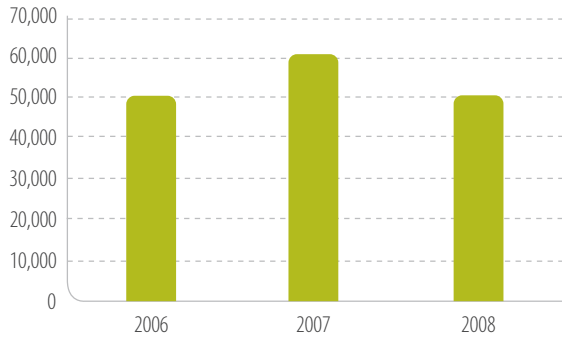
Nevertheless, actions are being tackled to reduce effluent volumes and impacts. The most outstanding of these is the elimination of discharges into watercourses at the Asteasu and Reinosa plants. The reduction of discharges into municipal collecting drains was achieved by detecting and eliminating an important leak at the Alsasua plant (approx. 3,000 m3).

Regular effluent analyses are conducted in accordance with the environmental control plan to ensure they are within the limits set for each of the centers.

Effluents 2008
(by destination) 52,882.7 m3



Evolution of Effluent Discharges



POLLUTANT CONCENTRATIONS IN EFFLUENT DISCHARGES

Domestic-Type Effluent Discharges	2007	2008
pH	7.26	6.94
Suspended solids (mg/l)	82.57	83.32
DQO (mg/l)	206.21	218.68
DQO (mg/l)	70.04	67.82
Oils and fats (mg/l)	13.15	14.58
Total phosphorus (mg/l)	1.85	2.25
Total Nitrogen (mg/l)	22.56	23.61
Total Chromium (mg/l)	0.01	0.95

Vertidos industriales	2007	2008
pH	7.65	7.47
Suspended solids (mg/l)	7.65	52.33
DQO (mg/l)	360.58	61.33
DQO (mg/l)	142.92	12.67
Oils and fats (mg/l)	N.D.	3.33

In 2008 The volume of non-hazardous waste accounted for 79% of the total

WASTE

[EN22] Industrial activities, as well as management and administrative activities generate different kinds of waste that are subjected to the most suitable segregation, storage and management processes pursuant to prevailing legislation and bearing in mind the basic principles of pollution prevention.

The volume of hazardous waste accounted for 2008 of the total figure represented 21%, and non-hazardous waste for the remaining 79%.

PRODUCTION OF WASTE [EN22]

	Units	2006	2007	2008
HAZARDOUS WASTE				
Wind Farm Promotion and Sales	t	0,1	0,5	0
Design, Manufacturing and Installation	t	1.917,7	3.478,2	4.509,1
TOTAL Hazardous Waste	t	1.918	3.478,7	4.509,1
NON-HAZARDOUS WASTE				
Wind Farm Promotion and Sales	t	14,34	13,78	66,8
Design, Manufacturing and Installation	t	7.997,4	14.161,2	17.360,3
TOTAL Non-Hazardous Waste	t	8.012	14.174,9	17.427,1
TOTAL	t	9.929,6	17.653,6	21.936,2

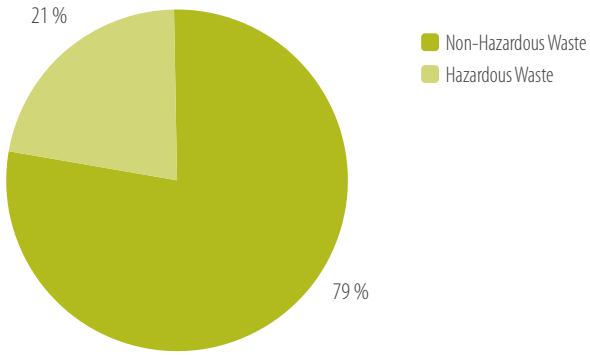
The notable increase in the production of paper waste at the Wind Farm Promotion and Sales area is mainly due to the fact that estimates were eliminated at branches.

All paper and toner waste generated by administrative management and office activities were processed through an authorized manager and destined for recycling.

The explanation behind the increase in the generation of hazardous waste by a figure exceeding the increase in production that came about during the year is due to the fact that

obsolete materials amounting to approximately 800 tons of prepreg were eliminated at blade warehouses. Mention should also be made of the appearance of a new kind of hazardous waste from the filtering of smoke from casting kilns, which added 22.8 tons of kiln ash to the figure for the year.

Production of Waste in 2008
(breakdown by processing) Total: 21,936.2 tons



Concerning the increase in non-hazardous waste, the waste produced by the management of the kiln slag generated at the Burgos (casting) plant should be mentioned. This waste added an additional 3,415 tons when compared to the preceding year and account for approximately 16% of all the waste generated. Without this item, the amount of non-hazardous waste generated would stand at levels that are slightly lower than the 2007 figures. This is due to the aforementioned actions to replace wooden pallets for metal structures to transport parts.

The percentage of recycled or resused waste reached 34.6% of the overall figure in the windturbine desing, manufacturing and installation unit.

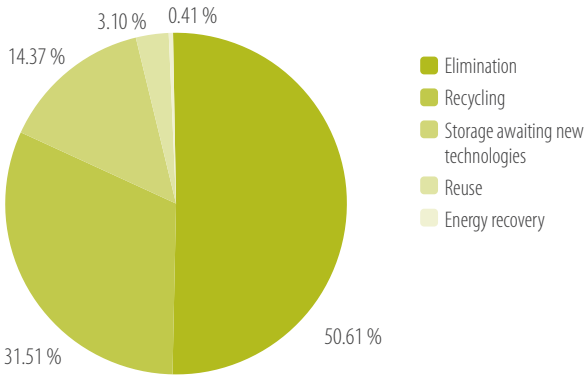
[EN24]

Characteristic Waste	Units	2006	2007	2008
Hazardous Waste				
Prepeg	t	798.7	1,035.7	1,718.3
Catalysts	t	123.9	1,004.0	185.6
Contaminated metal containers	t	299.0	304.6	77.3
Contaminated materials	t	388.7	511.3	850.7
Semi-solid resins	t	65.9	149.5	311.5
Used oil	t	68.4	126.8	77.6
Contaminated plastic containers	t	55.8	107.4	264.7
Non-Hazardous Waste				
General garbage	t	3,547.4	6,934.7	4,688.5
Paper and cardboard	t	1,382.1	689.2	884.2
Wood	t	863.3	1,214.1	1,318.0
Casting sand	t	N.D.	N.D.	3,524.7
Scrap	t	697.3	3,653.3	3,570.6
Steel turnings	t	577.6	101.9	N.D.
Polyethylene	t	843.4	1,114.0	1,193.7

It should be pointed out that the percentage figure for recycled and reused waste reached 34.6% of the total figure and that a little more than half of the waste is eliminated. This reduced the amount of waste awaiting new processing technologies to a little more than 14% of additional waste.

	Non-Hazardous Waste	Hazardous Waste	Overall
Energy recovery	0.03%	1.89%	0.41%
Elimination	44.69%	73.39%	50.61%
Reuse	3.38%	2.04%	3.1%
Recycling	36.21%	13.42%	31.51%
Storage awaiting new technologies	15.7%	9.25%	14.37%

Production of Waste in 2008
(breakdown by destination at the Design, Manufacturing and Installation Unit) Total: 21,869 tons



[EN23] Regarding the total number and volumes of the most significant spillages, there were total spillages of 0.48 m3 of chemical products, 2.26 m3 of oil and 0.22 m3 of other petroleum derivates at a plant in the United States.

PRODUCT

Life Cycle Analysis

[EN23] [EN26] [EN27] The work packages comprising the project called "ECOWIND: Life Cycle Analysis and Application of the Ecodesign Concept to a 2.0 MW Wind Turbine" kicked off at the beginning of 2008. This project has situated Gamesa at the vanguard of the industry as the first Spanish company dedicated to the design, promotion, manufacturing, maintenance and construction of wind turbines and wind farms to pioneer a Life Cycle Analysis (LCA) of a wind energy turbine generator.

Several points were settled throughout the year that will serve as foundations to ensure the study develops optimally. The aim and scope of the project have already been defined, as have the collaborating organizations, the model and the site upon which the study will be conducted, the areas and departments that will be involved, the drawing up the inventory tables for the product, the process and the transport needed.

The Almendarache Wind Farm in Cadiz, Spain.

The relevant bibliographic and document analyses have already been performed, as has the software research to draw up the most current and versatile LCAs. Additionally, analyses of the applicable standards –including the UNE-EN-ISO 14.040 (2006), the UNE-EN-ISO 14.044 (2006) and the UNE 150.301 (the future UNE-EN-ISO 150.31) standards– have been made. Lastly, contact has been established with experts to make a critical review of these projects, among other things.

[PR1] The main aim of this study is to calculate the environmental impact associated with a Gamesa G90-78M-IIIA wind turbine in the "El Carril" Wind Farm located in the Castrogeriz y Pedrosa del Príncipe local authority of the province of Burgos throughout its entire life cycle, in other words, from when it is manufactured to its final dismantling. In order to calculate its impact, the entire life of the product will be analyzed by defining all the environmental loads associated to each unitary phase, stage or process, assessing which are more or less harmful. These calculations and impact analysis methods will be processed and carried out with the help of some software that is additionally equipped with one of the most current databases.

The organizations that will take part in the development of this internal project include Gamesa Innovation & Technology, S.L., Gamesa Coslada, Gamesa Energy Transmission, S.A. and Gamesa Reinosa.

Additionally, IHOBE, GAIKER and SERUMANO will take part as external partners. They will be dedicated to studying the end-of-life alternatives for the turbine's main components in order to draw up a dismantling plan for gearboxes, generators and electrical converters, so that the wind turbine dismantling plan can be completed.

The main functions of this work tool have already been defined. Firstly, it is meant to direct efforts, so as to eradicate impacts and, if that were to prove impossible, to minimize them as much as possible. Hence the environmental improvement of the production process and the product will be attained. In addition, it will make available a reference model to draw up future designs and redesigns. Work may be performed on the basis of this reference model, thereby reducing or eliminating impacts that would otherwise be generated by certain designs, processes, materials or components. A consequence of its use will also enable the employment of both raw material and energy inputs to be maximized. Waste, emission and discharge outputs will therefore be reduced. In addition to improving both the end product as well as the process in environmental terms, this optimization will also make a basic tool available to move forward towards Ecodesign.

Operations and Maintenance

The contents, structure and format of corrective and preventive maintenance tasks for the Gamesa G8X-2.0 MW platform were reviewed and updated throughout 2008 with a view to properly maintaining the machines already installed. Additionally, several new tasks that are necessary for the Gamesa G10X-4.5 MW were created. AS of December 31, approximately 47.19% of the corrective maintenance tasks of the Gamesa G8X-2.0 MW turbine and 25% of the tasks of the Gamesa G10X-4.5 MW turbine have been updated.

Operating Standards

Along the lines of standardizing the different production stages of the nacelle and rotor manufacturing phases, engineering documents were generated (OPS) that have to be taken into consideration from the standpoint of the health and safety, the environmental implications and the quality of each of the steps that are carried out in the manufacturing process. 100% this identification process has already been carried out. The OPS in Spanish drafted throughout 2008 number approximately 332 for the Gamesa G8X-2.0 MW platform and around 304 for the Gamesa G5X-850 kW platform (there is an equal number for the English versions).

Environmental assessment criteria covering all the life cycle stages of a wind turbine starting off from the preliminary design of solutions have been defined within a process known as SC2G (Spanish abbreviation for "Solution Conception System for Gamesa Customers").

Redefinition of Containers and Packaging

As a result of the Company's environmental commitment, work is continuously being done to search for new lines of action to minimize and do away with existing environmental impacts. In order to do so, a study on the problematical containers and packaging of work centers has been conducted, so as to develop lines of work that would allow them to be reused, raw material consumption to be reduced and waste generation to be minimized.

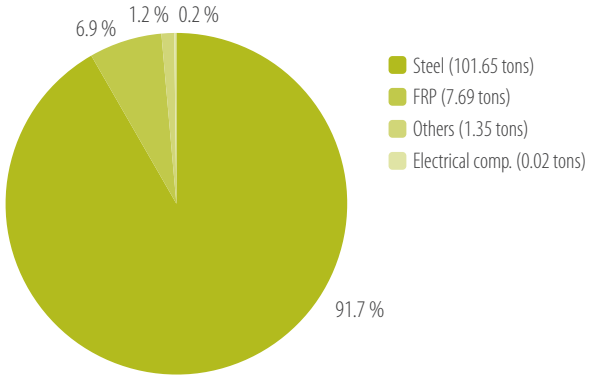
Wind Turbine Dismantling

Each wind turbine is made up of a large number of structural, electrical and control components. The type, forms and materials comprising the different components are likewise diverse. A large part of these are essentially recoverable materials having a considerable added value, like steel and different kinds of metals, which makes them highly attractive when it comes to their recycling. 90% of the materials used in the manufacturing of the Gamesa G52-850 kW and Gamesa G80-2.0 MW wind turbine models are made of different kinds of steel.

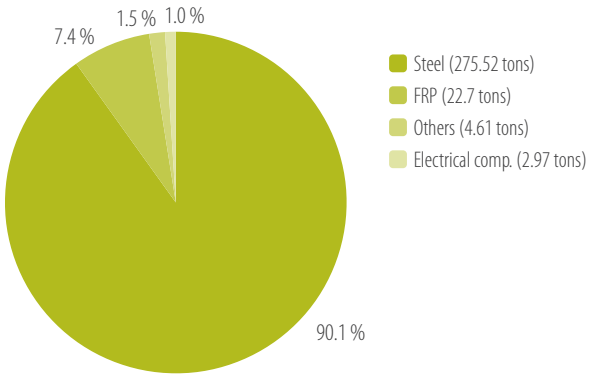
This information makes it possible to take decisions on and plan for the disposal of the waste generated when wind generators and wind farms are dismantled. It likewise enables the recycling percentage of said materials to be calculated.

The graphs below show the types of materials that make up wind turbines:

Gamesa G52-850 kW Materials
(tons)



Gamesa G80-2.0 MW Materials
(tons)



TRANSPORT

[EN29] The carriage of hazardous goods by road constitutes one of the activity's most significant impacts. That is why the safety conditions laid down by the ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road) are monitored.

Among the hazardous substances included in the road haulage list drawn up in 2008, a dozen of them are the most significant, constituting 90% of the goods carried.

Main Hazardous Substances Carried by Road (Europe)	UN No.	Units	2008
Liquefied natural gas	1972	t	1447
Paint and paint-related materials	1263	t	450
Organic toxic liquids	2810	t	233
Corrosive liquid amines or polyamines	2735	t	141
Flammable liquids	1993	t	116
Solids containing flammable liquid	3175	t	93
Gas oil	1202	t	80
Chem rez 2023/2016	2586	t	80
Commercial propane	1965	t	70
Contaminated materials	1373	t	68
Potentially environmentally hazardous solid materials	3077	t	65
Acetone	1090	t	63

In an effort to seek logistics excellence, cut costs and achieve savings on shipping, the company Compass Transworld Logistics (CTL) –a company jointly set up with Bergé in October 2007– operated the first stopover of the cargo ship Beluga Skysail in Spain in order to load 2,200 tons worth of wind turbine towers bound for Fairless Hills in the United States. The cargo ship's most characteristic feature is the 160 square meter sail it uses in the bow as part of its power mechanism, which allows for savings of between 10% and 25% on fuel and associated CO2 emissions.

A significant fall in overall environmental costs can be seen at the Wind Farm Promotion and Sales Unit. This circumstance is essentially due to:

- The exclusion of United Kingdom data in the second half of the year.
- The unavailability of United States of America data for the third quarter.
- The fall in activity in Portugal awaiting the results of the public tender to award MWs.

TRAINING

Gamesa is continually conducting training actions as part of an overall plan through which its staff's needs concerning environmental matters are detected. Fourteen different courses having more than 400 participants and 3,000 hours of environmental training were given over 2008.

Such training was given to members of the Environmental Department, as well as to other people of the organization and dealt with environmental legislation and audits, the carriage of dangerous goods (ADR), training sessions and awareness-raising at work centers, among others.

ENVIRONMENTAL COSTS [EN30]

Environmental Costs	2006	2007	2008		
			Wind Farm Promotion and Sales	Design, Manufacturing and Installation	TOTALS
Adapting facilities	62,077	73,509	70,465	194,668	265,133
Analytics	25,974	14,726	N.D.	16,069	16,069
Safety advisor	62,342	50,800	28,682	8,256	36,938
Consulting/Advice	3,837,590	5,123,252	1,978,941	261,353	2,240,294
Waste management	1,156,048	1,560,385	13,085	1,582,424	1,595,509
Environmental control plan	295,652	251,392	314,608	N.D.	314,608
Enviromental Management System (EMS) expenses	12,810	25,388	6,786	5,890	12,676
Training	10,051	14,709	13,141	14,215	27,356
Others			71,560	N.D.	71,560
TOTAL	5,583,568	7,114,161	2,497,268	2,082,875	4,580,143

The objectives of the Gamesa Energy Efficiency Program are to reduce CO2 emissions and non-efficient energy consumption costs

NEW ENERGY SOLUTIONS

[EN6] The Gamesa Energy Efficiency Program (GEEP) contributes to: a reduction in the direct CO2 emissions footprint; optimizing the Corporation's costs; improving the quality of life; and enhancing employees' occupational health and safety.

[EN5] This program uses innovation and analysis to optimize the use of energy in production processes and facilities. All the blade, gearbox, electrical component and nacelle assembly plants around the world form part of this program's first phase, which will subsequently be extended in 2009 to include all the Corporation's offices and work centers. The objectives of the program are to: reduce CO2 emissions; reduce non-efficient energy consumption costs; use production processes that also excel in terms of energy management; as well as raising awareness and support from all of the workers to achieve a culture of energy efficiency.

It is an effort to step forward from energy consumption to energy management. The optimization of energy for production processes and facilities, as well as corporate energy management, required an audit process at plants and office buildings which began in 2008 in the following production centers:

Production Center	Electrical KWh avoided	Thermal KWh avoided	Total KWh	tons CO2 avoided	TEP avoided
Miranda	406,565	36,540	443,105	265.9	38.1
Somozas	-10,182	9,630,553	9,620,371	5,772.2	827.4
Noain	296,118	0	296,118	177.7	25.5

Considering the following conversion factors: 0.6 tons CO2/MWh and 0.086 TOE/MWh.

[EN7] In addition, the Corporation has added the sale of energy efficiency equipment for lighting and engines to its product portfolio. This equipment attains savings of between 20% and 30% for lighting and of between 10% and 20% for engines. Its installation in several plants has led to the following savings.

Production Center	Electrical KWh avoided	Savings achieved	tons CO2 avoided	TEP avoided
Lerma	97,327.0	23.22%	58.39	8.37
Benissanó	25,239.0	25.11%	15.14	2.17
Medina del Campo	118,466.6	29.29%	71.08	10.19
Munguía	36,960.0	23.33%	22.18	3.18
TOTAL	277,992.6	25.68%	166.8	23.91

Considering the following conversion factors: 0.6 tons CO2/MWh and 0.086 TOE/MWh.

It is expected that this program will be implemented in the rest of the plants during 2009.

A pilot project was conducted in conjunction with the Basque Energy Organization *(Ente Vasco de Energía - EVE)* in July 2008 to test the suitability of public lighting products. The test was conducted on the lighting at Plentizia beach and achieved energy savings of 23.8%. This figure amounts to a saving of 8,686 Kwh for this small facility, avoiding the emission into the atmosphere of 5.21 tons of CO2. A test was also conducted on an engine at a cement plant, where savings reached 18%.

The use of these energy efficiency devices manages to lengthen the useful life of lighting by between 200% and 300%, which therefore leads to significant savings on maintenance.

The success achieved in the implementation of efficiency measures, along with the recommendations obtained from audits means that these services can be offered to other groups. An energy audit and a study on the potential of renewable energies in the Chimeneas local authority located in the province of Granada were conducted in 2008. This work was completed with a training workshop on renewable energies.

Strategic Agreements

In order to implement the most innovative equipment, strategic agreements were entered into with several companies, including:

- A strategic agreement with Arteche for the sale and manufacturing of electronic power equipment that improves the quality of energy (eliminating grid harmonics and improving the power factor). The elimination of harmonics does away with faults and unforeseen triggering in the line. The power factor's improvement reduces the amount of total energy needed by a facility.
- An agreement with Climatewell, a company dedicated to manufacturing and selling solar cooling equipment using an innovative thermo-chemical accumulation system.

Another important contribution is the development of solar and wind energy prediction models aimed at perfecting the integrated management of renewable energies in the electricity grid. In this way, an effort is made to arrive at a balance between supply and demand, optimizing electricity reserves and avoiding the production of polluting energies lacking a final destination. It is an environmental contribution to sustainability, which socially and economically translates into an effort to reduce the generation of more expensive non-renewable energies that lead to social and economic wellbeing thanks to the developments Gamesa promotes.

As regards meteorology, it contributes to wind farms' value chains because the tools it integrates optimize the search for and localization of sites, so that these are as effective as possible. Energy efficiency and the optimization of wind resources are the keys to the development of the products and services Gamesa offers.

The Company has developed a meteorology risk management system given the high volume of its work exposed to harsh weather conditions. Through the MEGA (Meteorology Gamesa) website, the system contributes with improvements to the management of the occupational hazards to which its own and subcontracted staff are exposed. Exposure and work during risky days are avoided in accordance with all regulations and it provides improved efficiency in the management of the wind farm maintenance activities to be performed. This entails improvements in the machine's productivity and avoids, for instance, stoppage in high performance days.

Main Actions in 2009

Energy efficiency requires awareness raising tasks and a change of habits and, as a result, dissemination and training have to be intensified. That is way several awareness raising campaigns were conducted in 2009.

The GEEP program, aimed at auditing all production centers, will continue. The installation of savings devices for lighting will also be finalized for all such centers.

Trips constitute an element that could lead to a rapid reduction in the carbon footprint. A modification of the regulations governing trips is therefore being planned in order to promote trips in the least polluting means of transport. The use of railways and car pooling will thus be encouraged and a satellite office in the Lerma facility will be set up. This trips policy will be reinforced by extending the use of videoconferences within the organization.

In keeping with our corporate values and our positioning as a sustainable company, it is essential to keep moving forward in in-house energy management. The moment has come to become aware of the situation and to act responsibly by reducing the use of some current sources of energy, increasing energy efficiency and savings and, above all, using renewable sources of energy. Gamesa's response to this new challenge facing mankind is what we understand as the Energy Culture.

ANNEXES

ANNEX 1
LIST OF ASSOCIATIONS 2008

NAME	OBJECTIVES
AGENCIA DE GESTIÓN DE LA ENERGÍA DE CASTILLA-LA MANCHA	To support and promote renewable energy projects on energy savings and efficiency within the boundaries of the Castilla-La Mancha regional authority. To take part in projects dealing with renewable energies.
AGENCIA PROVINCIAL DE LA ENERGÍA DE TOLEDO	An agency dependant on the Toledo Provincial Council (Diputación Provincial del Toledo), which is dedicated to supporting and promoting renewable energies and energy efficiency and savings projects.
American Wind Energy Association	The AWEA is an American national wind energy association representing wind farm promoters, equipment and services suppliers, manufacturers and other players involved in the wind energy industry. Its aim is promote wind energy as a source of clean energy among consumers around the world.
Apollo Alliance	To promote the use of renewable energies and a change in the American industrial sector and the use of clean energies before the US Government and Congress.
APPA BIOMASA	To create favorable conditions for the development of Biomass in three spheres: public-private organization dialog, raising the public's awareness and coordinating with local authorities. To provide different services to its members: advice and information.
ARTIUM CENTRO MUSEO VASCO DE ARTE CONTEMPORANEO	Basque Center-Museum of Contemporary Art. An open dynamic institution having a deep-seated vocation for education.
ASOCIACION DE EMPRESARIOS DE GUIPÚZCOA ADEGI	A business organization representing companies in the Basque province of Guipuzcoa. Formed by almost 2,000 private companies, ADEGI promotes and defends business interests in society as a whole.
ASOCIACION DE EMPRESAS SIDEROMETALURGICAS DE LA CORUÑA = CEC	To provide tax and labor-related advice, along with sending any information published in the Official Journal of Galicia and of the province.
ASOCIACIÓN DE PROFESIONALES DE COMPRAS, APROVISIONAMIENTO Y GESTIÓN DE MATERIALES EN ESPAÑA	To transmit, publish and teach about knowledge, experiences and information, as well as to conduct research into issues connected with procurement, supplies and materials management.
ASOCIACIÓN DE PROMOTORES DE ENERGÍA EÓLICA EN ARAGÓN	To promote the execution, development and installation of projects in order to take advantage of wind energy.
ASOCIACIÓN DE PROMOTORES DE ENERGÍA EÓLICA EN CASTILLA-LA MANCHA	An association that facilitates the execution of wind farms and maximizes their socio-economic benefits in the Castilla-La Mancha regional authority.
ASOCIACIÓN DE PROMOTORES EÓLICOS DE CASTILLA Y LEÓN	The objectives of the Castilla y León Promoters Association include: To promote the execution, development and installation of projects taking advantage of wind energy.
ASOCIACIÓN DE PROMOTORES Y PRODUCTORES DE ENERGÍA EÓLICA DE ANDALUCÍA	To safeguard the interest of companies dedicated to promoting wind energy
ASOCIACIÓN DE USUARIOS DE SAP	To promote the interchange of information of common interest connected with SAP products among its members.
ASOCIACIÓN EMPRESARIAL EÓLICA	To overcome technical and regulatory barriers affecting the growth of the wind energy industry; and to maintain and consolidate a remuneration scheme for the production of wind energy that would enable to industry to develop in a sustainable fashion.
ASOCIACIÓN EÓLICA DE CATALUÑA	To promote wind energy in Catalonia and to ensure that the wind farms built in the region are constructed properly.
ASOCIACIÓN EÓLICA DE GALICIA	To represent the interests of wind energy promoters.
ASOCIACIÓN ESPAÑOLA DE DIRECCIÓN DE PERSONAL	A non-profit private association that groups together personnel/human resources professionals.
ASOCIACIÓN ESPAÑOLA DE ENSAYOS NO DESTRUCTIVOS	To promote and facilitate the implementation of techniques for the management and improvement of non-destructive testing in industries and services.
ASOCIACIÓN ESPAÑOLA DE MANTENIMIENTO	To study, promote and disseminate the function of maintenance in industry and society as a whole. To carry out scientific research work on maintenance.
ASOCIACIÓN ESPAÑOLA DEL PACTO MUNDIAL DE LAS NACIONES UNIDAS	The United Nations World Compact is an ethical initiative aimed ensuring that organizations around the world incorporate ten principles of conduct and action on human rights as an integral part of their strategy and operations.
Asociación Mexicana De Energía Eólica (AMDEE)	To promote the use of wind energy in Mexico.
ASOCIACIÓN NAVARRA DE EMPRESARIOS DEL METAL	To defend the interests of member metal companies.
ASOCIACIÓN PROGRESO DIRECCIÓN	An association founded in 1956 and a private training and information organization to promote executive-level approaches and contacts. Its main objective is to promote the interchange of ideas, knowledge and experience among business executives.

ANNEX 1 *(continued)*
LIST OF ASSOCIATIONS 2008

NAME	OBJECTIVES
Associação Portuguesa de Produtores Independentes de Energia Eléctrica de Fontes Renováveis (APREN)	The Association's purpose is to coordinate, represent and defend the common interests of its members, providing them with a participatory mechanism to draw up energy and environmental policies connected with the use of renewable sources of energy.
Associazione Nazionale Energia del Vento (ANEV)	To promote the use of wind energy and technological research into the use of wind power and the rational use of energy.
Associazione Produttori Energia da Fonti Rinnovabili (APER)	To promote and disseminate the culture of and information about the productive use of all kinds of renewable sources of energy. To contribute to the debate surrounding the drawing up of new regulations and rates in the renewable energy production, distribution and sales sector.
Bildungszentrum für Erneuerbare Energien (BZEE)	To develop, coordinate and certify training programs in the wind energy industry. To implement projects aimed at improving the efficiency and competitiveness of renewable energies.
BIZKAIA XEDE	To favor the establishment of favorable conditions in the Basque province of Vizcaya in order to attract and retain qualified personnel in innovation and knowledge-based processes.
British Wind Energy Association (BWEA)	A commercial renewable energy association in the UK. To promote the use of both onshore as well as offshore wind energy in the United Kingdom. It is a main information point for members and lobbies to promote wind energy before the government.
Bundesverband Windenergie (BWE)	To promote the use of renewable energies, efficient energy technologies and energy saving measures. Provides direct support to wind energy promoters and wind turbine operators.
Cámara de Comercio de España en Alemania / Amtliche Spanische Handelskammer (ASH)	To assess and expand Hispano-German trade relations.
Cámara de Comercio de España en China	To promote trade relations between Spain and China, as well as the common interests of its members.
Câmara de Comércio e Indústria Luso-Espanhola	To promote economic and trade interchange between Portugal and Spain.
Cámara de Comercio España-EEUU	Its main aim is to construct a suitable platform to encourage and facilitate economic and trade relations between the USA and Spain.
Cámara de Comercio Europea en China	The European Chamber of Commerce is the main private European organization in the Popular Republic of China and defends the interests of European companies that are present or active in the country.
Cámara de Comercio polaco-española	It is dedicated to representing and supporting the interests of its member companies and backs them in the task of taking advantage of their potential. It facilitates contacts with commercial partners and disseminates information in both Poland and Spain about the activities carried out by member companies. It offers economic, financial and market information, whose aim is to promote exports, as well as scientific, technical and industrial collaboration.
CÍRCULO DE EMPRESARIOS VASCOS	The *Círculo de Empresarios* (Businesmen's Circle) was set up as a result of an initiative taken by businessmen having the common objective of publicly defending the ideas of a free market and corporate freedom in a free society.
Citizens for Pennsylvania's Future (PennFuture)	To promote renewable energies as a source of clean energy in Pennsylvania.
CLUB DE MARKETING DE NAVARRA	The *Club Marketing de Navarra* is a non-profit organization set up in 1975 under the aegis of the Fundación Española de Marketing and the Navarre Chamber of Commerce and Industry.
CLUSTER DE ENERGÍA	The *Cluster de Energía* Association's objective is to carry out promotion and study activities aimed at improving energy competitiveness in companies that carry out their activities in the Basque regional authority
COMITÉ ESPAÑOL DEL CONSEJO MUNDIAL DE LA ENERGÍA	Spain's representative before the World Energy Council. Has joined the Spanish Energy Club on a permanent basis. Its function is to disseminate the WEC's work, communications and relevant disclosures
CONFEDERACIÓN DE ASOCIACIONES EMPRESARIALES DE BURGOS	A provincial business organization dedicated to jointly representing companies before institutions and to provide them with support and advice.
Danish Wind Industry Association	To promote wind energy as a viable energy solution. To improve training and ensure and good basis for recruitment.
ELKARGI S.G.R	ELKARGI, S.G.R.'s purpose is to improve the structure and financial conditions of its members, as well as their levels of training and financial management.
European Wind Energy Association (EWEA)	The European-wide Wind Energy Association. Companies, associations and R&D centers are its members. It has more than 300 members from 40 countries that cover 98% of the wind energy industry in the world. It is the largest and most important wind energy association in the world.
FEDERACIÓN DEL METAL DE BURGOS	Associated to the *Confederación de Asociaciones Empresariales – FAE* (Confederation of Business Associations).

ANNEX 1 *(continued)*
LIST OF ASSOCIATIONS 2008

NAME	OBJECTIVES
FEDERACIÓN ESPAÑOLA ASOCIACIONES FUNDIDORES	To defend the interest of companies dedicated to casting against costs and customers.
FEDERACIÓN VIZCAÍNA DE EMPRESAS DEL METAL	The Federación Vizcaína de Empresas del Metal is the industry-specific business organization that groups together the steel companies in the Basque province of Vizcaya.
Fördergesellschaft Windenergie (FGW)	To promote wind energy and to represent the interests of its associates.
FUNDACIÓN BALUARTE	To promote cultural events, such as classical music, song, theater, dance and amplified music.
FUNDACIÓN CIC ENERGIGUNE	The Foundation's main aim is to promote and develop as many scientific research and technological development activities as are in the interest of the industry in the field of renewable energies.
FUNDACIÓN CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	The main aim of the Corporation is to establish a production network to reinforce the development of innovation as a factor for competitiveness.
FUNDACIÓN ENTORNO	Fundación Entorno – Business Council for Sustainable Development (FE-BCSD Spain) is a private non-profit organization having the mission to work on the challenges of sustainable development and business opportunities.
FUNDACIÓN ESCUELA DE INGENIEROS	To provide advice to the School's bodies of governance on improving the teaching of engineering and on the training of its students, to develop the research work done by its professors and doctorate students and to encourage innovation.
FUNDACIÓN INSTITUTO MADRILEÑO DE ESTUDIOS AVANZADOS ENERGÍA (IMDEA ENERGÍA)	The Instituto IMDEA Energía was set up in order to promote R&D activities on matters directly related to energy, placing special emphasis on any that are connected to clean and renewable energies.
FUNDACIÓN INSTITUTO MADRILEÑO DE ESTUDIOS AVANZADOS MATERIALES (IMDEA MATERIALES)	The main objectives of the work carried out by the Fundación IMDEA - Materials, as set forth by the Madrid regional authority along the lines set forth by the 4th Regional Scientific Research and Technological Innovation plan, are as follows:
FUNDACIÓN NAVARRA PARA LA CALIDAD	To organize an annual European Quality Week in the Navarre regional authority. To encourage cooperation among organizations involved in promoting management systems in all sector's of Navarre's society..
FUNDACIÓN PARA EL DESARROLLO DE LAS NUEVAS TECNOLOGÍAS DEL HIDRÓGENO EN ARAGÓN	To develop new hydrogen and renewable energy technologies. To promote and incorporate Aragon into economic activities connected with the use of hydrogen as an energy vector
FUNDACIÓN PARA LA FORMACIÓN EN ENERGÍAS RENOVABLES	The Fundación para la Formación en Energías Renovables is a tool to promote training in the field of renewable energies. The Foundation's creation was approved at a cabinet meeting of the Government held on December 22, 2003.
FUNDACIÓN VASCA PARA LA CALIDAD	The Fundación Vasca para la Calidad is a group of organizations constituted as a Foundation and encouraged by the Basque Government to promote the improvement and innovation of management based on a culture of Total Quality.
Global Reporting Initiative (GRI)	The GRI's objective to promote the quality, rigor and usefulness of sustainability reporting.
Global Wind Energy Council (GWEC)	The GWEC is a representative forum of the world's wind energy industry. Its aim is to ensure that wind energy is positioned as the world's leading source of energy.
Greek Association of Res Electricity Producers	To promote renewable energy in Greece.
Hellenic Wind Energy Association (HWEA)	A private organization dedicated to wind farm promotion and sales.
Industrie und Handelskammer Aschaffenburg (IHK)	To help companies break into the German market.
INNOBASQUE	To offer a network of collaboration among players from which to promote the values and attitudes associated to innovation, to promote the image of innovation in the Basque Country abroad and to generate a dynamic of innovation among Basque companies and organizations.
INSTITUTO DE AUDITORES INTERNOS	A professional non-profit association formally set up in Spain under the Associations Law and whose main objective is to develop internal auditing and the internal auditing profession in Spain.
INSTITUTO METALMECÁNCIO	Provides support to associate metal companies on engineering, materials and laboratory-related topics.
INSTITUTO VASCO DE COMPETITIVIDAD FUNDACIÓN DEUSTO	The Institute is an initiative of the Fundación Deusto with the collaboration and participation of the following organizations: Sociedad para la Promoción y Reconversión Industrial (SPRI); the Guipúzcoa Provincial Council; Euskaltel; Kutxa; Repsol-Petronor; and Gamesa.

ANNEX 1 *(continued)*
LIST OF ASSOCIATIONS 2008

NAME	OBJECTIVES
Johnstown Area Regional Industry (JARI)	To develop the Johnstown area in Pennsylvania economically.
National Assembly Sustainable Energy Group (NASEG)	To maximize the potential of energies in Wales by helping in the development of renewable energy policies and strategies through the National Assembly.
NUEVA ECONOMÍA FORUM	A non-partisan international forum for analyses and debates aimed at helping leading Spanish companies and organizations to use the power, taking into account challenges and responsibilities, they have to face as market leaders.
Oldenburger Energiecluster (OLEC)	To develop knowledge in the field of energy and business opportunities.
Philadelphia Chamber of Commerce	To promote economic growth in the Philadelphia region.
PLATAFORMA ESPAÑOLA DE HIDRÓGENO Y PILAS DE COMBUSTIBLE	The main aim of the Plataforma Tecnológica Española del Hidrógeno y de las Pilas de Combustible (PTE-HPC) is to facilitate and accelerate the development and use in Spain of hydrogen-fueled systems based on batteries.
PLATAFORMA TECNOLÓGICA ESPAÑOLA DE BIOMASA	A scientific and business community to develop biomass.
Polish Wind Energy Association / Polskie Stowarzyszenie Energetyki Wiatrowej	Its aim is to support and promote wind energy through its members' joint activities, to create favorable conditions for energy investments in Poland, and to steadily increase the use of wind energy as a clean source of energy to generate electricity.
REOLTEC (PLATAFORMA TECNOLÓGICA DE ENERGÍA EÓLICA)	The Spanish Wind Energy Association (AEE) has driven forward the setting up of a Wind Energy Technology Network *(Red Tecnológica del Sector Eólico - REOLTEC)* and has submitted an application to be included among the Ministry of Education and Science's Thematic Networks.
ROBOTIKER. CENTRO TECNOLÓGICO	Forming part Corporación Tecnológica, TECNALIA ROBOTIKER, Tecnalia is a technology center that specializes in information and communications technologies (ICT), as well as in product development.
Syndicat des Energies Renouvelables/France Energie Eolienne	Promotes the interests of industrialists and professionals involved in renewable energies in France and defends their interests in the main European programs dealing with the industry.
Texas Wind Coalition	Encourages the development of the large wind energy resources in the southern United States.
Utility Wind Integration Group (UWIG)	To accelerate the development and application of good practices in engineering and operations, and to support the integration of wind energy into the electricity system.
Verband Deutscher Maschinen und Anlagenbau (VDMA) / German Engineering Federation	Represents more than 3,000 companies in the engineering industry. It is one of the largest and most important associations in Europe.

PROFILE, SCOPE AND BOUNDARY

[3.1] [3.2] [3.3] [3.11] This is the sixth report of this nature published by Gamesa on an annual basis. This year it has once again been drawn up and validated in accordance with the guidelines contained in the Global Reporting Initiative's (GRI) "Sustainability Reporting Guidelines" (G3) and sets out a balanced and reasonable description of the Group's economic, social and environmental performance. The period covered by this document reflects activities in 2008, as well as some significant events that occurred in the first quarter of 2009. The preceding annual sustainability report was published in May 2008. We likewise point out that this report forms part of a three-volume set that the Corporation publishes and distributes jointly containing the reporting for 2008 (Annual Report-Legal Report, Annual Corporate Governance Report and Sustainability Report) and which are complemented by information appearing on the www.gamesacorp.com website.

[3.6] [3.7] [3.8] The scope of the Sustainability Report 2008 includes Gamesa and its subsidiaries making up the group. The complete list of companies comprising Gamesa as of December 31, 2008 appears in the relevant section of the Legal Report. The most significant changes in the consolidation boundary during 2008 are likewise reflected in the aforementioned section.

[3.9] [3.10] As regards the means employed to account for practically all the performance indicators described in the GRI's G3 Guidelines, the Corporation is equipped with management applications that consolidate the data from branches, production centers and wind farms. These applications allow the Corporation to guaranty the accuracy, truthfulness and exhaustive nature of the information presented herein.

The following clarifications should be highlighted throughout the accounting of the indicators contained herein:

- As regards the data appearing in the section entitled "Gamesa Creates Teams", the indicators used can be segregated into three large groups: The United States, China and Europe + Rest of the World (ROW). Only in the section dedicated to labor relations do the data included herein exclusively refer to Europe, as there are no operative industrial centers apart from the ones in Spain.
- In the section entitled "Gamesa Creates the Future", the environmental indicators of the Wind Turbine Design, Manufacturing and Installation Unit exclude the data on the five manufacturing centers of the Towers Unit, as four of which were included in the Joint Venture set up with Grupo Daniel Alonso to create Windar Renovables, S.L. and the fifth plant is the Fairless Hills wind turbine tower plant. In order not to distort the historical evolution of such indictors, all the results are presented in a pro-forma fashion.
- Concerning Windar Renovables, S.L., the activity data for the year have been provided, but excluding the different indicators accounted for and included in the Gamesa Sustainability Report.
- For the purposes of this Sustainability Report, "MW installed" is construed to be the MW of a wind turbine installed or assembled in a wind farm in keeping with operational criteria. It therefore differs from the accounting criteria reflected in the Management Report included within the Legal Report.
- The notions of MWe sold, MW delivered and MW available ex works allude to accounting criteria and their evolution is reflected in the Management Report included as part of the Legal Report.

MATERIALITY REPORT 2008

[3.5] [4.17] The Sustainability Report 2008 aims to cover any aspects having to do with sustainability that we construe as being material for the organization. We define the latter as those that represent a major impact in accordance with three criteria:

- Aspects which are of major interest for Gamesa's different stakeholders.
- Aspects which have a current or potential impact on the Company.
- Aspects over which Gamesa can exercise a reasonable level of control.

El análisis de materialidad 2008 se ha llevado a cabo mediante un proceso secuencial que se explica de forma resumida a continuación:

Identification of Potentially Material Topics

The identification of potentially material issues was carried out by analyzing six groups of basic information:

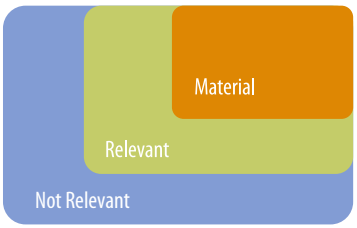
Prioritizing Topics and Materiality Matrix

In this second phase, a series of criteria were drawn up to determine the level of materiality of each of the topics identified beforehand, assessing each one of them in accordance to the following criteria:

- EXTERNAL: Considering the level of interest shown in a specific topic by the group of stakeholders.
- INTERNAL: Considering the potential impact of a specific topic on the Company, as well as its level of control over it.

On the basis of this assessment work, a Materiality Matrix was then drawn up. This matrix's vertical axis is comprised of external criteria and the horizontal axis of internal criteria. Following such criteria, the location of each topic on the matrix determined its materiality and therefore its relevance. Depending on the quadrant in which each topic is located within the aforementioned matrix, it was considered as: Material / Relevant / Not Relevant

The matrix thus obtained is shown below:

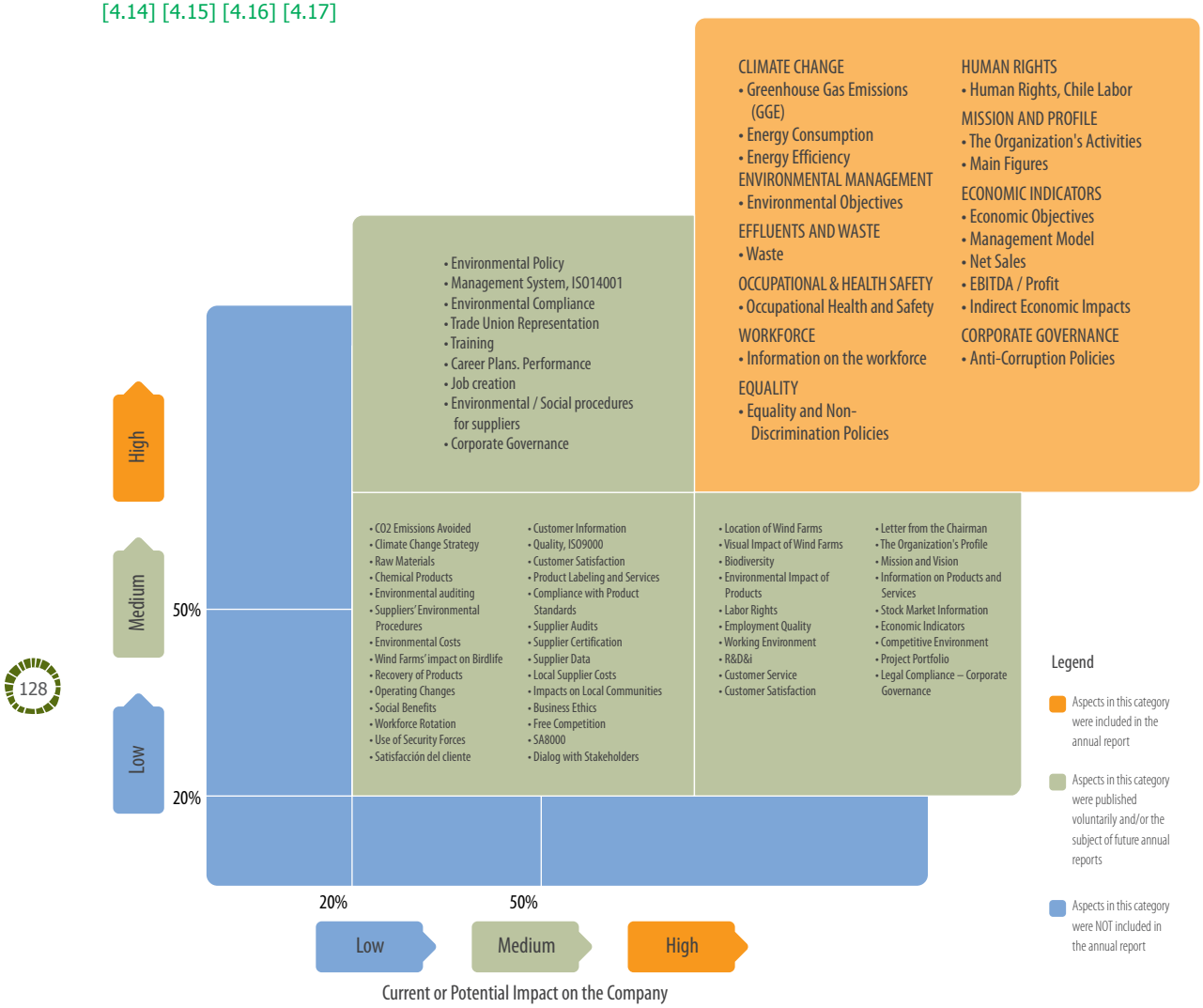


SOURCE OF INFORMATION	TOOLS USED
(1) Aspects of interest to the renewable energies sector	✔ Publicly available information on companies in the renewable energies sector, as well as information of market leaders in terms of sustainability. ✔ Institutional information from the International Institutional Relations area. ✔ Aspects of interest to industry associations. ✔ Analysis of media impacts.
(2) Aspects having to do with stakeholders	✔ Dialog with customers. ✔ Dialog with suppliers. ✔ Investor Relations Office. ✔ Shareholder Information Office. ✔ Information published by environmental NGOs. ✔ Gamesa sustainability suggestions box. ✔ Dialog with sustainability observatories (NGOs/Trade Unions). ✔ Studies on external image.
(3) Socially responsible investors	✔ Requirement and reports from non-financial analysts. ✔ Sustainability indexes.
(4) Gamesa's internal aspects	✔ Gamesa's CSR principles. ✔ Code of Conduct. ✔ Gamesa's business plan. ✔ Corporate risk control. ✔ Internal management indicators.
(5) Regulatory framework	✔ Arising from renewable energy legislation. ✔ Arising from voluntary undertakings.
(6) Reporting requirements	✔ Global Reporting Initiative guidelines (GRI-G3)..

Almost 220 potentially material aspects were thus identified. These were grouped together into twelve groups in order to simplify data processing and make the final conclusions homogenous.

GAMESA MATERIALITY MATRIX 2008

[4.14] [4.15] [4.16] [4.17]



These analyses, as well as the methods used to conduct the assessment are construed as processes of ongoing revision and improvement. We have fine-tuned the system employed in 2007 and have already incorporated improvements, more reliable sources of information and simplified the assessment's calculation for 2008. In addition, ongoing relationships with stakeholders and a changing environment suggest the possibility of future changes in priorities.

INDEX OF GRI INDICATORS

[3.12] In order to facilitate the identification of the indicators required by the Global Reporting Initiative, references corresponding to the indicator codes as they are reflected in the index below have been included in the text of the Gamesa Sustainability Report 2008.

■ Main Indicator ■ Additional Indicator

PROFILE OF THE ORGANIZATION		
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2. Profile of the Organization		Page
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■ 2.2	Primary brands, products and/or services.	33
■ 2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	33
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■ 2.5	Number of countries where the organization operates.	33
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■ 2.7	Markets served.	33
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Notes for GRI indictors Table:
(1) All the Company's financial information that complements the information contained herein can be found in the Legal Report 2008, which is available through the link www.gamesa.es.
(2) Gamesa does not offer retirement plans other than those specified by its employment obligations arising from commercial acquisitions.
(3) No ecosystems were directly affected by the consumption of water. However, the report states that supplies come from municipal sources and are therefore of underground origin.
(4) Clause 84 of the Gamesa document on general procurement terms and conditions (available at http://www.gamesa.es/es/partners/proveedores/condiciones-compra) sets forth the basic human rights terms and conditions for both direct as well as indirect procurement.
(5) No incidents connected with the breach of the rights of indigenous people have come about.
(6) Gamesa takes part in the development of public policies on renewable energies through its membership of industry-specific associations. It is likewise represented through business associations before the State CSR Council for the development of a legislative framework on corporate responsibility.
(7) No donations were made to political parties. As Clause 3.14 of the Gamesa Code of Conduct sets forth, "Relationships with Public Authorities shall be governed by institutional respect and compliance with legality. Any link to, membership of or collaboration with political parties, institutions, foundations or associations whose purposes go beyond those of GAMESA, as well as any contributions thereto, should be done in such a way so as to ensure their personal nature is clear and without involving the company or its political neutrality in any way whatsoever".
(8) No legal claims were brought for unfair competition, anti-trust legislation or monopoly practices.
(9) No significant incidents concerning the health and safety of customers came about.
(10) No significant fines were imposed for the organization' non-compliance with laws and regulations concerning the provision and use of products and services.

INDEPENDENT ASSURANCE

[3.13] Gamesa Corporación Tecnológica is working on internal policies and measures that enable it to guarantee the accuracy, exhaustive nature and veracity of the information disclosed in the Sustainability Report. The annual accounts were audited by Deloitte pursuant to International Financial Reporting Standards. For the fourth year in a row, an independent organization was requested to verify the information concerning the social and environmental practices contained in the Sustainability Report 2008. The methodology used was based on the Spanish ISAE 3000 Standard (International Standard on Assurance Engagements 3000) to process the assurance of non-financial information. This assurance work was carried out by Deloitte with a limited level of assurance. The assurance report is included at the end of this chapter.

Following the guidelines set forth in the G3 Guidelines, the Corporation self-assessed this Report with an A+, which corresponds to the scores given by expert organizations that also verified its Sustainability Report externally. The auditing firm likewise confirmed the A+ grading. Lastly, the review conducted by the GRI likewise gave it this same application grading.

GRI G3 Application Level

	C	C+	B	B+	A	A+
Self Declared (Gamesa)						GRI REPORT SELF DECLARED
Thrid Party Checked - KPMG						GRI REPORT 3rd PARTY CHECKED
GRI Checked						GRI REPORT GRI CHECKED

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Review Report on the 2008 Annual Sustainability Report of Gamesa Corporación Tecnológica, S.A. according to the ISAE 3000 Standard

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the management of Gamesa Corporación Tecnológica, S.A. (hereinafter Gamesa)

Introduction

We have been engaged by Gamesa to review the non-financial information corresponding to the year 2008, included in its 2008 Annual Sustainability Report (hereinafter the Report), which is available to the general public and whose scope is described in the chapter entitled Profile, Scope and Boundary.

The contents, preparation and maintenance of the information systems that provide the data, as well as the integrity of the Gamesa Sustainability Report, are the responsibility of Gamesa Management.

Scope

In the Report, Gamesa describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the aforementioned Report in accordance with the standards and procedures described in the letter of engagement agreed with Gamesa, and to offer the readers of this Report a limited level of assurance according to ISAE 3000 (International Standard for Assurance Engagements) in relation to the verification of non-financial information, that:

- The quantitative data has been reliably obtained;
- The qualitative information is adequately supported by internal or third-party documentation;
- The Report follows the GRI G3 Guidelines for A+ level of application, and the self-declaration has received Global Reporting Initiative confirmation.

We have verified that the financial information included in this Report has been obtained from the company's annual accounts, which have been audited by an independent third party.

Review criteria

Our work has been carried out in accordance with ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), and the Guidelines for Engagements in the Revision of Corporate Responsibility Reports from the Spanish Institute of Registered Auditors (ICJCE). Among other requirements, compliance with these norms requires the following:

- The engagement has been carried out with a team specialised in assurance and corporate sustainable development. In accordance with the aforementioned norms, this engagement complies with KPMG's independence policy, which is based on the IFAC Code of Ethics for Professional Accountants.

- The procedures undertaken are substantially fewer than those of a reasonable assurance procedure, and consequently the assurance provided is also lower. Under no circumstances may this report be understood as an audit report.

In our review we have followed Gamesa's criteria for application of the GRI G3 principles, as described in the chapter entitled Profile, Scope and Boundary.

Work performed

We have reviewed the reliability of the quantitative data and other qualitative information included in the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report.
- Review of the systems used to generate, aggregate and facilitate the data.
- Analysis of the scope and manner in which information is presented.
- Review by sampling of the calculations carried out at corporate level and their consistency.
- Verification that other information included in the Report is adequately supported by internal or third-party documentation.

Conclusions

Based on the work described above, we have not observed circumstances indicating that the data included has not been obtained by reliable means, that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez
Partner

31 March 2009

CONTACT US

[3.4] [2.4] Any query, opinion or suggestion concerning this Sustainability Report can be sent to:

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
Corporate Social Responsibility Department
Parque Tecnológico de Bizkaia; Edificio 222
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This document is available in electronic format on the Gamesa Corporate Website:
www.gamesacorp.com

Global Reporting Initiative™ Organizational Stakeholder 2009

NOTICE. The present document is a translation of a duly approved document in Spanish-language, and it is only provided for informational purposes. Shall a discrepancy between the present translation and the original document in Spanish-languaje appear, the text of the original Spanish-language document shall always prevail.

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2008 Legal Report

Gamesa

1

Gamesa Corporación Tecnológica, S.A.

Auditors' report

Annual financial statements as at and for the year ended
31 December 2008 and Directors' Report

Deloitte.

Rodríguez Arias, 15
48008 Bilbao
España

Tel.: +34 944 44 70 00
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INFORME DE AUDITORÍA DE CUENTAS ANUALES

A los Accionistas de
Gamesa Corporación Tecnológica, S.A:

1. Hemos auditado las cuentas anuales de Gamesa Corporación Tecnológica, S.A. (Nota 1) que comprenden el balance de situación al 31 de diciembre de 2008 y la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad de los Administradores de la Sociedad. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales en su conjunto, basada en el trabajo realizado de acuerdo con normas de auditoría generalmente aceptadas, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas.

2. Las cuentas anuales adjuntas del ejercicio 2008 son las primeras que los Administradores de Gamesa Corporación Tecnológica, S.A. formulan aplicando el Plan General de Contabilidad aprobado por el Real Decreto 1514/2007. En este sentido, de acuerdo con la Disposición Transitoria Cuarta, apartado 1 del citado Plan, se han considerado las presentes cuentas anuales como cuentas anuales iniciales, por lo que no se incluyen cifras comparativas. En la Nota 2.d. de la memoria "Comparación de la información y aspectos derivados de la transición a las nuevas normas contables" se incorporan el balance de situación y la cuenta de pérdidas y ganancias incluidos en las cuentas anuales aprobadas del ejercicio 2007 que fueron formuladas aplicando el Plan General de Contabilidad vigente en dicho ejercicio junto con una explicación de las principales diferencias entre los criterios contables aplicados en el ejercicio anterior y los actuales, así como la cuantificación del impacto que produce esta variación de criterios contables en el patrimonio neto al 1 de enero de 2008, fecha de transición. Nuestra opinión se refiere exclusivamente a las cuentas anuales del ejercicio 2008. Con fecha 21 de abril de 2008, emitimos nuestro informe de auditoría acerca de las cuentas anuales del ejercicio 2007, formuladas de conformidad con los principios y normas contables generalmente aceptados en la normativa española vigentes en dicho ejercicio, en el que expresamos una opinión favorable.

3. Las cuentas anuales del ejercicio 2008 adjuntas se presentan en cumplimiento de la normativa mercantil vigente; no obstante, la gestión de las operaciones de Gamesa Corporación Tecnológica, S.A. y de las sociedades del Grupo GAMESA se efectúa en bases consolidadas, con independencia de la imputación individual del correspondiente efecto patrimonial y de los resultados relativos a las mismas. En consecuencia, las cuentas anuales individuales de la Sociedad no reflejan las variaciones financiero-patrimoniales que resultan de aplicar criterios de consolidación tanto a las inversiones financieras en las sociedades que componen el Grupo como al resto de operaciones realizadas por Gamesa Corporación Tecnológica, S.A. y por éstas, las cuales se reflejan, de hecho, en las cuentas anuales consolidadas. Las cuentas anuales consolidadas del ejercicio 2008 han sido preparadas por el Grupo aplicando las Normas Internacionales de Información Financiera aprobadas por la Unión Europea (NIIF-UE), sobre las que hemos emitido, con esta misma fecha, nuestro informe de auditoría en el que expresamos una opinión favorable. El importe de los principales epígrafes consolidados aplicando las Normas Internacionales de Información Financiera se detalla en la Nota 8.

4. En nuestra opinión, las cuentas anuales del ejercicio 2008 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de Gamesa Corporación Tecnológica, S.A. al 31 de diciembre de 2008 y de los resultados de sus operaciones, de los cambios en el patrimonio neto y de sus flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y compresión adecuada, de conformidad con principios y normas contables generalmente aceptados en la normativa española que resultan de aplicación.

5. El informe de gestión adjunto del ejercicio 2008 contiene las explicaciones que los Administradores consideran oportunas sobre la situación de la Sociedad, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales del ejercicio 2008. Nuestro trabajo como auditores se limita a la verificación del informe de gestión con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de la Sociedad.

DELOITTE, S.L.
Inscrita en el R.O.A.C. nº S0692

Alberto Uribe-Echevarría Abascal
26 de febrero de 2009

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

BALANCE SHEET AT 31 DECEMBER 2008 (Notes 1, 2 and 4)

(Thousands of euros)

ASSETS	Notes to Financial Statements	31/12/2008
NON-CURRENT ASSETS		287,635
Intangible assets	Note 5	130
Industrial property		12
Computer software		118
Property, plant and equipment	Note 6	1,614
Furniture, tools and other fixtures		1,483
Other property, plant and equipment		131
Investments in Group companies and associates	Note 8	194,406
Shareholdings in Group companies and associates		194,406
Financial assets	Note 8	63,638
Equity instruments		113
Loans to third parties		63,082
Deposits and guarantees extended		443
Deferred tax assets	Note 14	27,847
CURRENT ASSETS		253,676
Trade and other receivables		807
Trade receivables		147
Receivable from group companies and associates		12
Other receivables		98
Other receivables from public authorities	Note 14	550
Investments in Group companies and associates	Note 17	184,747
Loans to Group companies		184,747
Financial assets	Note 9	67,788
Loans to companies		67,788
Accruals	Note 9	303
Cash and cash equivalents		31
Cash		31
TOTAL ASSETS		541,311

The accompanying notes 1 to 20 and are an integral part of the balance sheet at 31 December 2008

EQUITY AND LIABILITIES	Notes to financial statements	31/12/2008
EQUITY	Note 11	403,790
OWNERS' EQUITY-		403,788
Capital		41,361
Share premium		155,279
Reserves		146,514
Legal and statutory reserves		8,272
Other reserves		138,242
Treasury shares		(30,825)
Profit for the year		91,459
GRANTS, DONATIONS and BEQUESTS		2
Grants, donations and bequests received		2
NON-CURRENT LIABILITIES		61,354
Non-current payables	Note 13	54,369
Bank borrowings		52,162
Other non-current provisions		2,207
Deferred tax liabilities	Note 14	6,985
CURRENT LIABILITIES		76,167
Current provisions	Note 12	5,108
Obligations under long-term employee benefits		4,385
Other provisions		723
Current liabilities	Note 13	36,590
Bank borrowings		36,590
Borrowings from group companies and associates	Note 18	27,534
Trade and other payables		6,935
Sundry payables		4,203
Employee benefits payable		1,945
Other payables to public authorities	Note 14	787
TOTAL EQUITY AND LIABILITIES		541,311

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008 (Notes 1, 2 and 4)

(Thousands of euros)

	Notes to the financial statements	Year ended 31/12/2008
CONTINUING OPERATIONS		
Other operating revenue	Notes 16.a & 17	22,578
Sundry and other operating revenue		22,578
Employee benefits expense	Note 16.c	(13,889)
Wages, salaries, et al		(11,534)
Social security costs, et al		(2,355)
Other operating expenses	Note 16.b	(25,908)
External services		(25,855)
Taxes other than income tax		(53)
Depreciation and amortisation	Notes 5 & 6	(481)
OPERATING LOSS		(17,700)
Finance revenue		110,938
Fom equity investments in group companies and associates	Note 17	100,000
From marketable securities and other financial instruments		10,938
- Group companies and associates	Note 17	4,490
- Third parties	Notes 8 & 9	6,448
Finance expense		(3,742)
Borrowings from Group companies and associates	Note 17	(271)
Third-party borrowings		(3,471)
Exchange gains (losses)		6
FINANCE REVENUE		107,202
PROFIT BEFORE TAX		89,502
Income tax	Note 14	1,957
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		91,459
DISCONTINUED OPERATIONS:		
Profit/(loss) after tax for the year from discontinued operations		-
PROFIT FOR THE YEAR		91,459

The accompanying Notes 1 to 20 are an integral part of the 2008 income statement

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (Notes 1, 2 and 4)

(Thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2008
A) Profit for the year	91,459
B) Income and expense recognised directly in equity:	
- Grants, donations and bequests received	(1)
TOTAL RECOGNISED INCOME AND EXPENSE	91,458

B)TOTAL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Issued capital	Share premium	Legal reserve	Revaluation reserve	Reserve for redenomination of capital to euros	Voluntary reserves	Reserve for treasury shares	Treasury shares	Profit/(loss) for the year	Grants, donations and bequests	Total
BALANCE AT 1 JANUARY 2008 UNDER FORMER ACCOUNTING RULES (Note 2.d)	41,361	155,279	8,272	1,139	1	63,898	22,639	-	75,738	-	368,327
- Impact of transition to new accounting principles	-	-	-	-	-	30,596	-	(22,639)	-	3	7,960
RESTATED BALANCE AT 1 JANUARY 2008 UNDER NEW ACCOUNTING RULES	41,361	155,279	8,272	1,139	1	94,494	22,639	(22,639)	75,738	3	376,287
Total recognised income and expense	-	-	-	-	-	-	-	-	91,459	(1)	91,458
Other changes in equity:											
- Distribution of 2007 profit:											
Voluntary reserves	-	-	-	-	-	20,056	-	-	(20,056)	-	-
Dividend charged to profit (Note 11)	-	-	-	-	-	-	-	-	(55,682)	-	(55,682)
- Transactions with treasury shares (Notes 4.k and 11)	-	-	-	-	-	(8,186)	8,186	(8,186)	-	-	(8,186)
- Other (Note 4.l)	-	-	-	-	-	(87)	-	-	-	-	(87)
BALANCE AT 31 DECEMBER 2008	41,361	155,279	8,272	1,139	1	106,277	30,825	(30,825)	91,459	2	403,790

The accompanying Notes 1 to 20 are an integral part of the 2008 total statements changes in equity

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008 (Notes 1, 2 and 4)

(Thousands of euros)

	Notes to thes financial statements	Year ended 31/12/2008
CASH FLOWS FROM OPERATING ACTIVITIES (I)		(24,089)
Profit before tax		89,502
Adjustments to profit (loss):		
– Depreciation and amortisation	Notes 5 y 6	481
–Change in provisions (incentive plan)	Notes 4.I., 12 y 16	1,747
–Grants released to income		(1)
–Finance revenue	Notes 8. 9 y 17	(110,938)
–Finance expenses	Note 13	3,742
–Exchange gains (losses		(6)
–Gains (losses) on the disposal of non-current assets		9
Changes in working capital		
–Trade and other receivables		48,865
–Other current assets		(2,870)
–Trade and other payables		(55,419)
–Other current liabilities		3,218
Other cash flows from operating activities		
–Interest paid	Note 13	(3,471)
–Interest received		294
–Income tax receipts (payments)	Note 14	758
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		(4,403)
OPERATING PROFIT (LOSS)		
Payments on investments		
–Group companies and associates	Note 8	(3,259)
–Other financial assets		(64)
–Intangible assets and PP&E	Notes 5 y 6	(1,087)
Proceeds from disposals		
–Property, plant and equipment	Note 6	7
CASH FLOWS FROM FINANCING ACTIVITIES (III)		13,983
Proceeds from and payments for equity instruments		
–Payment for equity instruments		
–Acquisition of own equity instruments	Note 11	(17,553)
Proceeds from and payments for financial liabilities		
–Issue of bank borrowings	Note 13	76,574
– Issue of loans to Group companies and associates	Note 17	65,890
–Third-party borrowings	Note 9	(55,246)
Dividends paid and payments on other equity instruments		
–Dividends		(55,682)
EFFECTS OF EXCHANGE RATE CHANGES (IV)		-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		(14,509)
Cash and cash equivalents at the beginning of the year		14,540
Cash and cash equivalents at the end of the year		31

The accompanying Notes 1 to 20 constitute an integral part of the 2008 cash flow statement

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
Notes to the financial statements for the year ended 31 December 2008

1. Social Incorporation and activity

Gamesa Corporación Tecnológica, S.A. (hereinafter the "Company" or "GAMESA"), a private limited company domiciled in Portal de Gamarra, no. 40 (Alava), was incorporated on 28 January 1976.

On 26 October 2006 the Board of Directors of GAMESA agreed to change the Company's business address to another premises in the same town, at Ramón y Cajal, nos. 7-9 in Vitoria-Gasteiz.

The company object is the promotion and development of companies by taking temporary holdings in their capital, to which end it may engage in the following transactions:

a) Subscription of shares or other equity investments in unlisted companies engaging in business activities.

b) Acquisition of the shares or other equity investments mentioned in the preceding point.

c) Subscription of fixed-income securities issued by the companies in which it has ownership interests or the grant of participating and other loans to these companies for a term exceeding five years.

d) 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.

e) Grant of participating loans for the acquisition of newly-built vessels which are intended for commercial shipping or fishing and not for sporting or recreational activities or other private use in general.

All the activities which make up the aforementioned corporate object may be carried on in Spain or abroad, and may be carried on either directly (totally or partially) by GAMESA, or through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose.

GAMESA shall not engage in any activity governed or curtailed by specific legislation with which it is not totally compliant.

The Company is the parent of a group of independent companies for which, under prevailing legislation, it is obliged to separately draw up consolidated financial statements. The 2008 consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and its subsidiaries (hereinafter, the "GAMESA Group") were approved for issue by the Company's directors in a Board meeting held on 25 February 2009. The 2007 consolidated financial statements were ratified at GAMESA's Annual General Meeting on 30 May 2008 and have been duly filed with the Alava business register.

The GAMESA Group is currently a leading manufacturer and supplier of high tech products, facilities and services in the renewable energy sector, structured into the following two business units, each headed by their respective Group companies (Notes 4.e, 8 and Appendix):

Company	Main line of business
Gamesa Eólica, S.L. Unipersonal	Manufacture of wind turbines
Gamesa Energía, S.A. Unipersonal	Development and sale of wind farms

In 2008 the solar division, which made and sold facilities for the production of this renewable energy source, was sold. At 31 December 2008, the GAMESA Group presented the wind farm development and sale business as a discontinued activity in its consolidated financial statements pursuant to a strategic agreement reached with Iberdrola Renovables, S.A., detailed in Note 17 below.

Environmental disclosure

In view of the business activities carried out by GAMESA, it does not have any environmental liability, expenses, assets, provisions or contingencies that could have a material adverse impact on its equity, financial health or performance. Therefore, the directors have not included any specific disclosures relating to environmental issues in these notes to the financial statements.

2. Basis of presentation of the financial statements

a) True and fair view-

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2008. These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2007 were approved by the shareholders at the Annual General Meeting held on 30 May 2008.

b) Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the directors formally prepared these financial statements by taking into account all the obligatory accounting principles and standards with a significant effect thereon.

All obligatory accounting principles were applied.

c) Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- Recoverable amounts of its assets, in order to test for impairment, annually and wherever indications of impairment exist (Notes 5, 6 and 8).
- The useful life of property, plant and equipment and of intangible assets (Notes 5 and 6).
- The calculation of provisions (Note 12).

Although these estimates were made on the basis of the best information available at 2008 year-end, 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.

d) Comparative information and matters arising from the transition to the new accounting rules

Comparative information

The information included in these notes in relation to 2008 has been prepared under Spain's new accounting rules. This information is therefore not comparable with the 2007 information which was drawn up under the then prevailing accounting rules.

Matters arising from the transition to the new accounting rules

In compliance with the obligation established in Article 35.6 of the Spanish Commercial Code and for the purposes of applying the principle of consistency and meeting the requirement of comparability, the financial statements for the year ended 31 December 2008 are considered to be first-time financial statements and, accordingly, it is not obligatory to include comparative figures.

However, pursuant to Royal Decree 1514/2007, set forth below are the balance sheet and income statement for 2007 approved by the shareholders at the related Annual General Meeting. These financial statements were prepared in accordance with the rules established in Royal Decree 1643/1990, of 20 December (Spanish National Chart of Accounts (1990).

Gamesa Corporación Tecnológica, S.A.'s 2007 Balance Sheet and Income Statement:

ASSETS	31/12/07
NON-CURRENT ASSETS:	
Start-up expenses	6
Intangible assets, net	203
Property, plant and equipment, net	945
Financial investments, net	192,983
TOTAL NON-CURRENT ASSETS	194,137
DEFERRED EXPENSES	1,495
CURRENT ASSETS:	
Accounts receivable-	
Receivable from Group and associated companies	5,340
Other receivables	239
Tax receivables	33,671
	39,250
Short-term financial investments	204,466
Cash	10
TOTAL CURRENT ASSETS	243,726
TOTAL ASSETS	439,358

SHAREHOLDERS´ EQUITY AND LIABILITIES	31/12/07
SHAREHOLDERS´EQUITY:	
Share Capital	41,361
Share premium	155,279
Revaluation reserve	1,139
Reserves–	
Legal Reserve	8,272
Other reserves	86,538
Profit for the year	75,738
TOTAL SHAREHOLDERS´EQUITY	368,327
DEFERRED INCOME	3
PROVISIONS FOR CONTINGENCIES AND CHARGES	21,573
NON-CURRENT LIABILITIES:	
Bank borrowings	22,639
Unpaid investments in shares	689
TOTAL NON-CURRENT LIABILITIES	23,328
CURRENT LIABILITIES:	
Bank borrowings	135
Payable to Group and associated companies	21,553
Trade payables	2,230
Other payables	
Taxes payable	614
Other payables	1,595
	2,209
Trade provisions	–
TOTAL CURRENT LIABILITIES	26,127
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	439,358

DEBIT	2007
EXPENSES:	
Staff costs	13,392
Depreciation and amortisation charge	223
Other operating expenses	12,186
	25,801

CREDIT	2007
REVENUES:	
Net sales	109
Other operating revenues-	
Sundry and other operating revenues	20,820
I. OPERATING LOSS	4,872
	25,801

Financial and similar expenses–			
Interest on loans from Group companies	5	Revenues from equity investments	99,966
Interest on bank borrowings and similar charges	1,920	Other interest and similar income	
Loss on financial invetments	1,182	From Group companies	1,905
Exchange losses	13	Other interest	1,171
II. NET FINANCIAL INCOME	99,922		
	103,042		103,042
III. PROFIT ON ORFINARY ACTIVITIES	95,050		
Change in provisions for intangible assets, property, plant and equipment and share portfolio	19,790		
Losses from intangible assets, property, plant and equipment and share portfolio	15,885	Profit from disposal of intangible assets, properly plant and equipment and share protfolio	–
Extraordinary expenses	1	Extraordinary income	2
		IV. NET EXTRAORDINARY EXPENSE	35,674
	35,676		35,676
V. PROFIT FOR THE YEAR	59,376		
Corporate Income Tax	(16,362)		
VI. PROFIT FOR THE YEAR	75,738		

The Company has deemed 1 January 2008 the transition date to the new accounting rules.

In accordance with current legislation, set forth below is the reconciliation of equity at 1 January 2008 calculated in accordance with the former Spanish accounting rules restated at that date in accordance with the new accounting rules established in Royal Decree 1514/2007:

	Thousands of euros
Equity at 1 January 2008 under former Spanish National Chart of Accounts (*)	368,327
Effects of transition to new Spanish National Chart of Accounts	
Reversal of provisions for securities portfolio and contingencies and expenses	39,533
Treasury shares	(22,639)
Stock option plan (Note 4.l)	2,136
Other	(1)
Tax effect of transition to new accounting rules (Note 14)	(11,069)
Equity at 1 January 2008 restated under new Spanish National Chart of Accounts	376,287

(*) Obtained from the balance sheet at 31 December 2007 prepared in accordance with the then prevailing accounting principles and standards.

The new accounting legislation, with respect to that in force at 31 December 2007, entails significant changes in accounting policies, measurement bases, presentation and disclosures to be included in the financial statements. More specifically, the main differences between the accounting policies applied in the prior year and the current policies are as follows:

1) The new accounting rules stipulate that impairment losses on investments in group companies, jointly controlled entities and associates be calculated as a function of their recoverable amount, specifically the higher of fair value less costs to sell and the present value of future cash flows, whereas the former accounting rules measured these investments in line with their equity (book value), irrespective of fair value. This has prompted the reversal of the portfolio provisions in relation to companies whose carrying amount was below cost but whose recoverable value was higher (Note 8).

2) The new accounting rules stipulate that deferred finance costs be deducted from the carrying amount of the financial liability giving rise to them so that the liability in question is measured at amortised cost; under the former accounting rules these expenses were recognised as deferred expenses.

3) The main tax effects related to the transition are:

   a) Under the new accounting rules, deferred tax assets and liabilities are classified as non-current, while under the old rules, these were classified as current (Note 14)

   b) Under the former accounting rules, deferred tax assets could only be recognised if it was estimated they could be utilised within a period of 10 year at most, while the new accounting rules set no such time limit for recognition purposes (Note 14)

   c) The tax effects, if any, of transition to the new accounting rules, must be recognised (Note 14)

4) Uncalled share capital: the new accounting principles establish that uncalled share capital be presented as a deduction from the value of the investment in the subsidiary in question (Note 8).

5) Under the new accounting rules, treasury shares should be recognised at cost as a reduction in equity, while under the old principles they were recognised in assets, corrected whenever their market value or book value (the lower thereof) fell below their acquisition cost (Note 11). Under the new rules, the effects of any trading in treasury shares, or in any other type of equity instrument, must be recognised in equity (Note 4.l).

e) Changes in accounting policies

During the year ended 31 December 2008 there were no significant changes in accounting policies relative to the criteria followed in 2007.

3. Distribution of profit

GAMESA's Board of Directors will propose the following distribution of profit for 2008 at its Annual General Meeting:

	Thousands of euros
Basis of distribution:	
Profit for the year	91,459
	91,459
Distribution::	
Dividend	48,660
Voluntary reserves	42,799
Total	91,459

4. Accounting policies and measurement bases

The main measurement rules used by GAMESA to draw up its 2008 financial statements in accordance with prevailing Spanish accounting principles were:

a) Intangible assets-

As a general rule, intangible assets are recognised initially at acquisition price or production cost. Subsequently they are valued at cost less accumulated amortisation and impairment losses, if any. These assets are amortised over their useful lives (Note 5).

a) Industrial property:

This heading reflects amounts paid to acquire ownership or the right of use over the Company's various entitlements.

b) Computer software:

The Company recognises costs incurred to acquire or develop software programs under this heading. Computer software maintenance costs are recognised with a charge to the income statement for the year in which they are incurred. Computer software is amortised on a straight line basis over three years.

b) Impairment of intangible assets and property, plant and equipment-

At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment (for other assets), the Company tests its tangible and intangible assets for impairment to determine whether their recoverable amount has fallen below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

The recoverable amounts are calculated for each cash-generating unit, although in the case of property, plant and equipment, wherever possible, the impairment tests are performed individually for each asset.

Each year management prepares for each cash-generating unit a business plan by market and line of business, generally covering a period of three years. The main components of this plan are as follows:

- Earnings projections
- Capital expenditure and working capital projections

Other variables affecting the calculation of the recoverable amount are:

- The discount rate to be used, which is taken to be the weighted average cost of capital, the main variables with an effect on its calculation being interest expense and the risks specific to the assets.
- The rate of growth used to extrapolate the cash flow projections beyond the projection or budgeting period.

The projections are prepared on the basis of past experience and of the best estimates available, which are consistent with the information obtained from external sources.

These business plans are reviewed and definitively approved by GAMESA's management.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the impairment loss exceeds the amount of goodwill, the rest of assets allocated to the cash generation unit are then written down, in proportion to their carrying amounts, up the higher of the following values: fair value less costs to sell, value in use and zero.

Where an impairment loss subsequently reverses (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount; however the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

c) Property, plant and equipment

Items of property, plant and equipment are measured initially at acquisition or production cost (Note 6), and are subsequently carried net of accumulated depreciation and any impairment losses, in keeping with the criteria set forth in Note 4.b.

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

For qualifying items of property, plant and equipment that take more than one year to bring to their required working condition, from 2008 onwards capitalised borrowing costs include the financial expenses accrued prior to readying the asset for use and include amounts invoiced by suppliers or associated with borrowings or other third-party funding, specific or general, directly attributable to the acquisition or manufacture of the asset, so long as the amount in question is significant. The Company had not recognised any amounts in this connection at 31 December 2008.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs calculated using absorption rates similar to those used for the measurement of inventories).

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

	Years of estimated useful life
Other fixtures and furniture	6 – 7
Tools	3– 4
Other P,P&E	4 – 5

At 31 December 2008, the Company did not hold any qualifying investment property, namely land, buildings and other construction held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases (Note 7).

Lease income and expenses from operating leases are recognised in income on an accrual basis.

In addition, the acquisition cost of a leased asset is classified on the balance sheet as if it were owned, increased for directly attributable contract expenses, which are subsequently expensed over the lease term following the same criteria used to recognise lease income.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

e) Financial instruments-

Financial assets

Classification

The financial assets held by the Company are classified into the following categories (Notes 8 and 9):

a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b) Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a control relationship and associates are companies over which the

Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

GAMESA holds majority shareholdings in certain companies and owns stakes of 20% or more in others (Note 1). These financial statements do not reflect the effect of applying consolidation criteria to these companies. As a listed company, GAMESA has drawn up its 2008 consolidated financial statements in accordance with International Financial Reporting Standards. The effect of applying consolidation criteria in accordance with International Financial Reporting Standards on the figures presented in these unconsolidated financial statements is set out in Note 8.

c) Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

d) Deposits and guarantees extended: deposits set up to guarantee compliance with obligations assumed primarily as a result of the lease arrangements entered into by the Company (Note 4.c.).

Initial recognition-

Loans, receivables, equity investments in Group companies, associates and jointly-controlled entities and available-for-sale assets are initially recognised at the fair value of consideration given plus directly attributable transaction costs.

Deposits and guarantees extended are initially recognised at the amount actually given as security.

Subsequent measurement-

Loans, receivables and guarantees and deposits extended are subsequently measured at amortised cost.

Specifically in the case of guarantees extended on operating leases or in connection with services rendered, the discrepancy between fair value and the amount paid, which could arise for example in the case of a long-term, non-remunerated guarantee, is recognised as prepaid payment or collection on the lease or service in question, to be taken to income over the lease term or during the period for which the service is rendered, in accordance with applicable revenue recognition criteria.

Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of unrealised gains existing at the date of measurement (including any goodwill).

Lastly, available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in profit or loss for the year. Equity instruments whose fair value cannot be determined reliably are measured at cost less, accumulated impairment losses, if any.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

The Company derecognises financial assets when the rights to receive the asset's cash flows have expired or are sold and substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative instruments (Note 13).

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

f) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. Exchange gains or losses realised are recognised in equity or income following the same criteria used to recognise changes in fair value, as set forth in Note 4.e.

g) Income tax

A Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to Alava corporation tax legislation have filed income tax returns under the special consolidated tax regime provided for in Alava Corporation Tax Regulation 24/1996, of 5 July. GAMESA is the head of the related tax group. Accordingly, GAMESA applies the criteria established in the Resolution of the Spanish Accounting and Audit Institute (ICAC) of 9 October 1997 to record tax consolidation balances for accounting purposes (Note 14).

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

h) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company neither continues to manage the goods nor retains effective control over them.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

i) Termination benefits-

Under prevailing legislation, GAMESA is required to make severance payments to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken.

In 2008 GAMESA recognised termination benefits in the amount of EUR 645 thousand under "Employee benefits expense" in the accompanying income statement. This balance corresponds to severance payments made to management during the year (Note 16).

j) Environmental assets and liabilities-

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental fallout and to protect and restore the environment, including the reduction or elimination of pollution in the future.

By their very nature, the Company's business activities do not have significant environmental ramifications.

k) Equity instruments and share-based payments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no event are they recognised in profit or loss.

In relation to share-based payments, GAMESA recognises the goods and services received as an asset, if qualifying, or an expense, when received, with an increase to equity, if the transaction is settled with equity instruments (equity-settled), or with the corresponding liability, if it is settled with an amount that is referenced to the value of equity instruments (cash-settled, share-based payments).

In the case of equity-settled transactions, both the services rendered and the increase in equity are measured at the fair value of the equity instruments granted, by reference to the grant date. In the case of cash-settled share-based payments, the goods and services received and the related liability are recognised at the fair value of the latter, by reference to the date on which the requirements for recognition are met.

On 5 May 2005, the Board of Directors of GAMESA resolved to make use of the powers granted by the shareholders at the Annual General Meeting held on 28 May 2004, namely to implement a stock option plan and a share-based bonus plan on the terms and conditions approved by the shareholders, as indicated in Note 4.I.

In this regard, on 10 August 2005, GAMESA arranged a swap and forward transaction with a bank to cover the aforementioned stock option plan. Under the related agreement, GAMESA undertook to buy on maturity (set for 7 June 2011) a maximum of 2,212,000 shares. The acquisition price was set at EUR 11.019 per share.

As consideration, the bank receives interest on the notional amount of the transaction, which GAMESA recognises as finance cost on an accrual basis. In turn, GAMESA receives the dividends declared on the 2,212,000 shares.

Given the scope for variation in the share price (in either direction) in relation to the set price of EUR 11.019 per share, and the fact that the economic rights (dividends) on these shares continue to accrue to GAMESA, this transaction has been recognised in "Equity – Treasury shares" and "Non-current payables – Bank borrowings" in the accompanying balance sheet (Note 13). At 31 December 2008 the amount of the treasury share balance corresponding to this arrangement

was EUR 13,272 thousand. A charge of EUR 9,367 thousand was made to "Equity – Treasury shares" in 2008 as several executives exercised their options under the stock option plan outlined in Note 4.l. below (Note 11).

On 30 May 2008, as in prior years, the shareholders at the Annual General Meeting of GAMESA resolved to authorise the Board of Directors to acquire shares issued by GAMESA, representing up to 5% of the share capital, which can be used by GAMESA, inter alia, for delivery to the employees or directors of the Group, either directly or as a result of the exercise of option or other rights envisaged in the incentive plans held by them or of which they are beneficiaries in accordance with the law, the bylaws or related regulations. In 2008 GAMESA acquired treasury shares in several transactions. At 31 December 2008 GAMESA held a total of 2,804,498 treasury shares (Note 11).

l) Employee benefit obligations

As described in Note 4.k, on 5 May 2005, the Board of Directors of GAMESA resolved to make use of the powers granted by the shareholders at the Annual General Meeting held on 28 May 2004, namely to implement a stock option plan and a share-based bonus plan on the terms and conditions approved by the shareholders.

Stock option plan-

The plan provides for the grant of up to 2,212,000 stock options to a maximum of 54 Group executives. Grant of the options is conditional upon fulfilment of the beneficiaries' individual annual targets from 2005 to 2007. Each option entitles its beneficiary to acquire title to one fully paid ordinary share at a strike price of EUR 10.96 per share.

For the most part, the options are exercisable between 1 January 2008 and 28 May 2011. During this period, provided that the market price of the shares is equal to or higher than EUR 14.58 per share, each beneficiary may acquire the shares corresponding to him by paying the related exercise price, plus the amount of related personal income tax withholdings and of social security contributions payable by the beneficiary and of such expenses as might be incurred in the transaction. The compensation in kind obtained by the beneficiary as a result of the exercise of the options will be determined as the difference between the market price of the shares and the exercise price.

The exercise period accordingly commenced on 1 January 2008 (Note 4.k.). In 2008 the vast majority of entitled executives exercised their options. The payments were settled in shares, so that in 2008 the Company delivered a total of 850,022 GAMESA shares at the pre-set price (Note 11).

At 31 December 2008, a total of 65,000 options were outstanding under the plan (2,054,520 at year-end 2007). Those executives that have not yet exercised their options have until 28 May 2011 to do so.

GAMESA applied the broadly used Black-Scholes options pricing methodology to value this plan and accrued the value of the underlying options over the exercise period.

On 1 January 2008, the final and definitive value of this plan, amounting to EUR 2,136 thousand, was recognised in "Reserves – Other reserves" within equity. In 2008, the Company credited EUR 87 thousand to "Reserves – Other reserves" within equity in connection with changes in the option value triggered by the exercise of the options detailed above.

Incentive plan-

On 28 March 2007 the Board of Directors of GAMESA approved a new incentive plan granted by GAMESA to 49 executives. The executives included in this plan are those who were appointed during the term of the 2006-2008 Business Plan and executives promoted to key management positions within the new organisational model.

The vesting period for this new plan runs from 1 January 2006 to 31 December 2008 and it will be paid once the level of attainment of the strategic objectives has been verified and the 2008 financial statements have been approved at the Annual General Meeting.

In 2008, a provision of EUR 1,747 thousand was recognised with a charge to "Employee benefit expenses" in the accompanying income statement and with a charge to "Current provisions" (Notes 12 and 16) in the accompanying balance sheet, in connection with the portion of the plan vesting in 2008.

Share-based bonus plan-

Se This plan sets aside up to 210,000 shares for a maximum of 70 Group executives. The beneficiaries of this plan were not entitled to partake of the aforementioned stock option plan. To be entitled to the share grant under this plan, the beneficiaries must meet the same requirements as established for the receipt of their annual variable compensation.

In the end GAMESA did not implement this share-based bonus plan. Accordingly, no provision has been recognised in this connection in the accompanying financial statements.

m) Provisions and contingencies

When preparing the financial statements the Company's directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations (Note 12); and

b) 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 not wholly within the Company's control (Note 12).

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

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

n) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that could give rise to significant liabilities in the future (Note 17).

5. Intangible assets

The changes in "Intangible assets" in 2008 were as follows:

	Thousands of euros		
	Balance at 01.01.08	Additions/ (Charges)	Balance at 31.12.08
COST:			
Industrial property	23	-	23
Computer software	439	120	559
Total cost	462	120	582
ACCUMULATED AMORTISATION:			
Industrial property	(8)	(3)	(11)
Computer software	(251)	(190)	(441)
Total accumulated amortisation	(259)	(193)	(452)
Total cost, net	203		130

At year-end 2008 and 2007, the Company was still using the following fully-amortised intangible assets (figures in thousands of euros):

Description	Gross carrying amount
Computer software	319
Fully amortised intangible assets, total	319

6. Property, plant and equipment

The changes in "Property, plant and equipment" in 2008 were as follows:

	Thousands of euros			
	Balance al 01.01.08	Aditions/ (Charges)	Derecognitions	Balance al 31.12.08
COST:				
Furniture, tools and other fixtures	1,072	902	-	1,974
Other property, plant and equipment	626	65	(35)	656
Total cost	1,698	968	(35)	2,630
ACCUMULATED DEPRECIATION:				
Other fixtures, tools and furniture	(273)	(218)	-	(491)
Other property, plant and equipment	(480)	(70)	25	(525)
Total accumulated depreciation	(753)	(288)	25	(1,016)
Total cost, net	945			1,614

As indicated in Note 11, GAMESA revalued its property, plant and equipment in accordance with Alava Regulation 4/1997 of 7 February. The gain resulting from this revaluation, which amounted to approximately EUR 1,139 thousand, was credited to the "Revaluation reserve" in equity with balancing entries against the accounts corresponding to the revalued assets. The majority of the revalued assets were contributed by the subsidiaries Cametor, S.L. (Note 8) and Gamesa Industrial Automoción, S.A. in prior years.

GAMESA's policy is to arrange insurance policies to cover the possible risks to which property, plant and equipment are exposed.

At year-end 2008, the Company was still using the following fully-depreciated items of property, plant and equipment (figures in thousands of euros):

Description	Gross carrying amount
Furniture, tools and other fixtures	193
Other property, plant and equipment	419
Fully depreciated PP&E, total	612

At 31 December 2008, the Company had no commitments to acquire items of property, plant and equipment.

7. Leases

At year-end 2008 the Company had outstanding operating leases with a number of lessors (Note 4.d). At 31 December 2008, the minimum lease payments payable by the Company under these operating leases (without factoring in shared expenses, future inflation adjustments or agreed-to rent increases) amounted to approximately EUR 11,418 thousand. Of this total, approximately EUR 3,050 thousand is payable in 2009, EUR 4,815 thousand between 2010 and 2011, with the remainder falling due after 2012.

Operating lease expense of EUR 3,527 thousand was recorded under "Other operating expenses" in 2008 (Note 16.b).

At 31 December 2008 the Company had recognised a total of EUR 443 thousand in non-current "Deposits and guarantees extended" (Note 8) in connection with guarantees provided on the outstanding leases.

In its capacity as lessee, the most significant operating leases outstanding at year-end 2008 were as follows:

–Lease on building 222 located in the Parque Tecnológico de Bizkaia (Zamudio): on 21 December 2007 GAMESA signed a contract with Geslofi, S.L. to lease this building for administrative uses. The initial lease term is 20 years from its formalisation, although the Company has the option to unilaterally cancel the lease after 10 years. The initial annual rent was set at EUR 485 thousand, to be adjusted annually for changes in the consumer price index as published by the Spanish statistics bureau. The first rent review takes place in January 2009. The Company's directors expect that after the first ten years of the lease term it will exercise its unilateral option to cancel the lease. The Company will not incur any costs in so doing.

–Lease on a building located at Ramírez de Arellano (Madrid): on 24 November 2006 GAMESA signed a contract with Inmobiliaria Colonial, S.A. to lease this building for administrative uses. The initial lease term is 5 years, extendable twice for minimum two-year periods. The initial monthly rent was set at EUR 140 thousand, to be adjusted annually for changes in the consumer price index as published by the Spanish statistics bureau.

–Lease on building 100 located in the Parque Tecnológico de Bizkaia (Zamudio): on 1 September 2007 GAMESA signed a contract with Parque Tecnológico-Teknologi Elkartegia, S.A. to lease this building for administrative uses. The initial lease term is 5 years from its formalisation, although the Company has the option to unilaterally cancel it. The initial annual rent was set at EUR 380 thousand, to be adjusted annually for changes in the consumer price index as published by the Spanish statistics bureau.

8. Non-current financial assets

The breakdown of non-current financial assets at 31 December 2008 (in thousands of euros) was as follows:

Category/ Class	Non-current financial assets		
	Equity instruments	Loans, derivatives and other	Total
Equity investments in Group companies and associates	194,406	-	194,406
Loans and receivables	-	63,082	63,082
Available-for-sale financial assets			
- At cost	113	-	113
Deposits and guarantees extended (Note 7)	-	443	443
Total	194,519	63,525	258,044

Equity investments in Group companies and associates-

The breakdown of equity investments in Group companies and associates at year-end 2008 was as follows:

Company or group of companies (Note 17 and Appendix)	Direct and indirect Ownership stake, %	Thousands of euros					
		Carrying amount					
		Cost	Accumulated impairment losses	Capital (1)	Other equity(1)	Dividends received	Profit (loss) for the year (1)
Group companies:							
Gamesa Energía, S.A (**)	100%	155,265	-	35,491	156,018	100,000	309,491
Cametor, S.L. (*)	100%	4,577	-	3,902	6,935	-	337
Gamesa Technology Corporation, Inc. (**)	100%	24,942	-	24,942	(53,338)	-	(3,752)
Gamesa Nuevos Desarrollos, S.A. (*) (Nota 12)	100%	61	(61)	61	(1,452)	-	(409)
Compass Transworld Logistics, S.A. (***)	51%	3,499	-	6,861	534	-	4,099
Gamesa Wind Turbines, S.L.(*)	100%	19	-	2,002	-	-	(119)
Asociates:							
Windar Renovables, S.L. (***)	32%	6,104	-	9	26,562	-	(1,108)
Total		194,467	(61)				

(1) This information refers to the respective companies' unconsolidated financial statements at 31 December 2008.

(*) Companies not legally obliged to audit their financial statements.

(**) Companies audited or reviewed by Deloitte.

(***) Company audited by other auditors

En The Appendix lists the subsidiaries, jointly-controlled entities and associates consolidated to make up the GAMESA Group, along with salient information on these companies.

None of GAMESA's subsidiaries is listed.

The most significant changes in this heading in 2008 were as follows:

–On 7 November 2008, GAMESA and Bergé Negocios Marítimos, S.A., in their capacity as shareholders in Compass Transworld Logistics, S.L., agreed to subscribe a EUR 5,000 thousand rights issue, which was fully paid in at year-end 2008.

–On 24 April 2008, Gamesa Wind Turbines, S.L. was incorporated with 100 thousand rupees (EUR 1,578 thousand) of share capital. The Company directly owns 1% of this start-up's capital, and the remaining 99% is owned by Gamesa Eólica, S.L.U., a company wholly-owned indirectly by the Company (through Gamesa Energía, S.A.).

Loans and receivables

The main item included under non-current "Loans and receivables" is a EUR 60 million loan extended by the Company to Toler Inversiones 2007, S.L. to partially finance its acquisition of Gamesa Solar, S.A.U. from Gamesa Energía, S.A.U. on 24 April 2008. This loan matures on 24 April 2012, is repayable in full at maturity and carries interest at EURIBOR plus a spread. In 2008 this loan generated EUR 2,174 thousand in interest income, recognised under "Finance revenue – From marketable securities and other financial instruments – Third parties". At 31 December 2008 the entire balance of this accrued interest was pending collection; this amount was accordingly recognised in "Financial assets – Loans to companies" within current assets in the accompanying balance sheet.

Likewise, this heading includes balances of EUR 1,400 and EUR 1,210 thousand corresponding to loans extended to several executives of former Group companies Grupo Gamesa Solar, S.A.U. (sold in 2008) and Global Energy Services, S.A. (formerly called Gamesa Energía Servicios, S.A. and sold in 2006), respectively. These loans, which mature in 2010 and 2011, respectively, will be settled in full upon maturity. The Company has recognised a balance of EUR 150 thousand (EUR 64 thousand in 2008) in connection with interest accrued and pending collection on these loans at year-end 2008. This interest will also be settled in full when the underlying loans mature.

Deposits and guarantees extended

This heading primarily includes the guarantees extended by the Company to secure the leases on the buildings in which the Company undertakes some of its administrative tasks, as disclosed in Note 7.

Maturities

The breakdown by maturity of non-current financial assets is as follows (in thousands of euros):

	2010	2011	2012	2013 and beyond	Total
Loans and receivables	1,447	1,360	60,275	-	63,082
Deposits and guarantees extended	-	285	63	95	443
Total	1,447	1,645	60,338	95	63,525

Impairment

The movement in impairment losses accumulated under this heading in 2008 is as follows (in thousands of euros):

	Accumulated impairm losses at beginning of year	Impairment losses recognised during the year	Accumulated impairment losses at year-end
Available-for-sale financial assets	7	-	7

Effect of non-consolidation

GAMESA's annual financial statements are presented in accordance with prevailing company law. However, GAMESA and the Group companies are managed on a consolidated basis. As a consequence, the annual financial statements of GAMESA do not reflect the changes in financial metrics and equity that would result from the application of consolidation criteria to its investments in consolidated entities and to the transactions entered into with those companies, some of which are the result of the Group's global strategy. These changes are however reflected in the GAMESA Group's consolidated 2008 financial statements.

Key figures from the consolidated financial statements of GAMESA for 2008, prepared, as required by the eleventh provision of Law 62/2003, of 30 December, in accordance with the International Financial Reporting Standards approved by the European Union, are as follows:

	Thousands of euros
Total assets	4,775,311
Equity	1,508,110
Of the Parent Company	1,501,597
Of minority interests	6,513
Revenue from continued operations	3,646,175
Profit for the year	322,167
Of the Parent Company	320,224
Of minority interests	1,943

9. Current financial assets

The breakdown of this heading in the accompanying 2008 balance sheet is as follows:

	Thousands of euros
Loans and receivables, current	
- Current loans	63,044
- Current interest on borrowings (Note 8)	4,744
Total	67,788

"Current loans" in the table above includes EUR 55,137 thousand corresponding to the balance drawn down on the loan granted by the Company in the form of a credit facility to Pasajesol, S.L. on 19 May 2008, for a maximum amount of EUR 60,000 thousand. This loan carries interest at EURIBOR plus a spread of 0.80%. It was extended to finance the construction of a photovoltaic solar farm. This loan had not been repaid at 31 December 2008, the maturity date. Nonetheless, the directors of GAMESA believe that this loan will be repaid to the Company in the early part of 2009; accordingly the Company has not recognised an impairment loss on this balance. The interest accrued on this loan in 2008 amounted to EUR 2,570 thousand, all of which was pending collection at year-end.

Interest income has been accruing since 2007 on the deferred portion of the payment for the acquisition of Gamesa Aeronáutica, S.A., concluded in 2006. The Company had recognised EUR 2,836 thousand in this connection at 31 December 2008 under "Current loans", of which EUR 1,265 thousand was generated in 2008, recorded with a credit to "Finance revenue – From marketable securities and other financial instruments – Third parties" in the accompanying income statement. In addition, GAMESA had recognised EUR 303 thousand under "Accruals" within current assets in the accompanying

balance sheet at year-end 2008 in connection with the finance costs generated by the factoring transaction concluded in 2006 in connection with the deferred EUR 25,000 thousand acquisition payment.

In addition, the Gamesa Aeronáutica, S.A. purchase agreement includes a provision entitling GAMESA to receive from the buyer an amount of EUR 10,142 thousand before 31 December 2008 to settle balances held by both companies as a result of the consolidated tax regime. This balance does not constitute either an increase in the sale price nor a higher gain on the transaction. Of this amount, EUR 5,071 thousand was collected by the Company in 2008. The directors of GAMESA believe that the remainder will be repaid in the early part of 2009; accordingly the Company has not recognised an impairment loss on this balance.

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

GAMESA is exposed to certain financial risks that it manages by aggregating risk identification, measurement, concentration and oversight systems. GAMESA's corporate risk department 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 exchange risk)

Foreign exchange risk arises from the international transactions that GAMESA undertakes in the ordinary course of its business. Certain items of income are denominated in US dollars, whereas the rest of its costs are denominated in euros. Therefore, if GAMESA did not use financial instruments to hedge its net exposure to current and future foreign currency risk, its earnings could be affected by fluctuations in the euro/US dollar exchange rate.

b) Interest rate risk

A characteristic common to all the GAMESA Group's activities is the need to make a significant volume of investments that requires an adequate financing structure. As a result, GAMESA arranges external financing to fund some of its operations, exposing it to the ramifications an increase in interest rates would have on its borrowings.

GAMESA has arranged substantially all of its borrowings at floating rates and uses hedging instruments, where appropriate, to minimise this risk, basically when the financing is long term in nature with the concomitant risk.

The floating-rate debt is primarily indexed to the LIBOR or EURIBOR.

c) Liquidity risk

GAMESA's policy is to hold cash and highly liquid non-speculative short-term instruments at leading banks in order to be able to meet its future obligations. Also, it attempts to maintain a financial debt structure matches 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.

d) Credit risk

GAMESA's exposure to credit risk derives from the possibility that a counterparty or client may not be able to deliver their contractual obligations. Therefore, products and services are only sold to customers with an adequate credit track record.

11. Equity and owners' equity

Owners' equity-

Issued capital

The share capital of Gamesa Corporación Tecnológica, S.A. at 31 December 2008 amounted to EUR 41,361 thousand, comprising 243,299,904 fully subscribed and paid common shares of EUR 0.17 par value each, traded by the book-entry system.

According to public information held by GAMESA, the Company's shareholder structure at year-end 2008 was as follows (Note 17):

	% ownership stake
Iberdrola, S.A. (Note 32)	23.95%
Lolland, S.A.	5.00%
Blackrock Investment Management, LTD	3.36%
Marsico Capital Management, LLC	3.10%
Barclays Bank, PLC	3.01%
Other (*)	61.58%
Total	100.00 %

(*) Each with a shareholding of under 10%.

GAMESA is listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges, and its shares have traded on the stock market interconnection system (continuous market) since 31 October 2000.

On 29 May 2008, GAMESA's shareholders agreed in general meeting to pay a dividend of EUR 55,959 thousand from 2007 profits. This balance was paid out in full in the course of 2008.

Revaluation reserve Alava Regulation 4/1997 (Note 6)-

The "Revaluation Reserve" reflects the net effect of the asset revaluation approved by Alava Regulation 4/1997, of 7 February, of which GAMESA availed itself. Since the period for reviewing this account by the tax authorities has ended, this reserve can be used to offset accounting losses, increase share capital or increase restricted reserves.

Share premium-

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

Reserva Legal-

Under the Consolidated Spanish 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 sufficient other reserves are not available for this purpose.

Treasury shares -

As outlined in Note 4.k, at the Annual General Meeting of 30 May 2008, as in prior years, the Company's shareholders approved the acquisition of treasury shares in an amount representing up to 5% of share capital.

The breakdown of and the changes in "Equity – Treasury shares" and in the total number of treasury shares held as a result of transactions concluded in the course of 2008 is as follows:

	Number of shares	Thousands of euros
Balance at 1 January 2008	2,054,520	(22,639)
Additions	1,600,000	(17,533)
Exercise of options by management	(850,022)	9,367
Balance at 31 December 2008	2,804,498	(30,825)

At the date of authorising these financial statements for issue, the Board of Directors had not taken any decision regarding the ultimate use of the aforementioned treasury shares.

12. Provisions and contingencies

The breakdown of recognised provisions at 31 December 2008 and the main changes in this heading during the year are as follows:

Non-current provisions	01.01.08	Allowances(Note 4.l)	Transfer to current	31.12.08
Provision for commitment to employees (Note 4.l)	2,638	1,747	(4,385)	-
Other non-current provisions	2,207	-	-	2,207
Total non-current provisions	4,845	1,747	(4,385)	2,207

Current provisions	01.01.08	Transfers to non-current	31.12.08
Provision for commitments to employees	-	4,385	4,385
Other current provisions	723	-	723
Total current provisions	723	4,385	5,108

The "Non-current provisions – Other non-current provisions" heading in the table above includes obligations assumed by the Company vis-à-vis certain subsidiaries, primarily Gamesa Nuevos Desarrollos, S.A. (Note 8).

13. Current loans and non-current financial liabilities

The breakdown of "Non-current payables - Bank borrowings" at 31 December 2008 (in thousands of euros) is as follows:

	Non-current financial liabilities	
Category/ Class	Bank borrowings	Total
Trade and other payables		
Credit lines	38,890	38,890
Equity swap (Note 4.k)	13,272	13,272
Total	52,162	52,162

The breakdown of "Current liabilities - Bank borrowings" at 31 December 2008 (in thousands of euros) is as follows:

Class/Category	Current financial instruments	
	Bank borrowings	Total
Trade and other payables		
Credit lines	35,977	35,977
Interest payable	613	613
Total	36,590	36,590

The maturity schedule for current and non-current bank borrowings is as follows (in thousands of euros):

	2009	2010	2011	Total
Trade and other payables				
Credit lines	35,977	37,639	1,251	74,867
Equity swap (Note 4.k)	-	-	13,272	13,272
Interest payable	613			613
Total	36,590	37,639	14,523	88,752

The breakdown of credit facilities between drawn and undrawn balances at year-end 2008 was as follows:

	Amount drawn	Undrawn Amount
Credit facilities	74,867	65,115
Total	74,867	65,115

14. Taxation

Since 2002 GAMESA and qualifying subsidiaries subject to Alava corporation tax legislation have filed income tax returns under the special consolidated tax regime pursuant to Alava corporate tax regulations. GAMESA is the parent of the related tax group.

Also, the provincial government of Alava has recognised GAMESA's condition as a business promotion company eligible for the special tax regime established in Alava Corporation Tax Regulation 24/1996.

In prior years, GAMESA carried out or participated in certain corporate restructuring transactions subject to the special tax neutrality regime regulated in Chapter X, Title VIII of Alava Corporation Tax Regulation 24/1996. The information required under this legislation is disclosed in the notes to the financial statements for the years in which these transactions were undertaken.

Current tax receivables and payables

The breakdown of current tax receivables and payables at year-end 2008 was as follows

	Thousands of euros
Tax receivables:	
VAT receivable	550
Total	550
Taxes payables:	
Tax withholdings payable	(453)
Social security taxes	(113)
Sundry taxes payable	(221)
Total	(787)

Reconciliation of accounting profit to taxable income/tax loss-

The reconciliation of accounting profit to taxable income (tax loss) is as follows:

	Thousands of euros
Profit before tax	89,502
Plus (less)– Permanent differences	
Expenses incurred to sell Gamesa Solar, S.A.	4,850
Unconsolidated taxable income	94,352
Plus (less) – Eliminations for consolidated tax filing	
Dividends paid by Gamesa Energía, S.A. (Note 17)	(100,000)
Individual tax loss contributed to the tax group	(5,648)

The permanent differences originate from the expenses incurred in the course of the disposal of Gamesa Solar, S.A. (an investee 100% indirectly owned by the Company prior to its sale) (Note 1). In addition, in 2008 GAMESA received dividends from a tax consolidation group company (Note 17). Under the general corporation income tax regime, these dividends generate double taxation relief on the full amount of the dividend. However, because the Company files its taxes under the special consolidated tax regime, these dividends must be eliminated from the taxable income (tax loss) that the Company contributes to the tax group.

Reconciliation of accounting profit and tax expense (income)

The reconciliation of profit before tax and tax expense/(income) is as follows:

	Thousands of euros
Profit before tax	89,502
Permanent differences	(95,150)
Unconsolidated tax loss contributed to the tax group	(5,648)
Tax expense at tax rate of 28%	(1,581)
Tax relief	(150)
Adjustment to deferred tax liabilities	(226)
Total tax expense/(income)	(1,957)

Breakdown of income tax-

The breakdown of corporation tax income in 2008 was as follows:

	Thousands of euros
Current tax income:	
Continuing operations	(1,731)
Deferred tax:	
Continuing operations	(226)
Total tax expense/(income)	(1,957)

Deferred tax assets recognised-

The breakdown of recognised deferred tax assets at year-end 2008 and the changes during the year were as follows:

	Thousands of euros			
	01/01/08	Additions	Amounts offset	31/12/08
Prepaid tax	362	-	-	362
Tax credits capitalised by the tax group	4,463	32,804	(10,794)	26,473
Tax losses pending utilisation by the tax group	15,444	2,593	(17,025)	1,012
Total deferred tax assets	20,269	35,397	(27,819)	27,847

Effective from 1 January 2009, Alava Regulation 21/2008, of 18 December, regarding budgeting for 2009, eliminated the deadline for offsetting tax credit and tax loss carryforwards. Accordingly, there is no time limit for the offset of tax loss and tax credit carryforwards outstanding at 1 January 2009.

At 31 December 2008 GAMESA had unused tax credits generated prior to filing tax returns under the special consolidated tax regime for a total of EUR 4,386 thousand. To the extent that tax credits were generated before taxes were filed under the consolidated tax regime, these tax credits may only be offset against the future taxable income of GAMESA. Given its line of business, and in accordance with the principle of prudence, GAMESA has not capitalised the tax effect of these tax credits, which will be recognised as a reduction in annual tax expense for the years in which they are actually utilised.

GAMESA has capitalised the tax loss generated during the year, in the amount of EUR 1,581 thousand, as a reduction in tax payable to the other companies in the tax group (Note 17) as well as a tax credit of EUR 150 thousand generated by the Company in relation to several items over the course of 2008.

Meanwhile, in its ongoing capacity as head of the tax group, GAMESA recognises the tax credits capitalised and carried forward at year-end by the tax group companies in 2008 and in prior years under "Tax credits capitalised by the tax group", based on the consideration that it is probable that future taxable profit will be available against which the unused credits may be utilised, recognising also the corresponding account payable to these companies (Note 17).

Also in 2008 the Company recognised unused tax losses incurred in prior years by a tax group company in the amount of EUR 1,012, based on the consideration that it is probable that future taxable profit will be available against which the loss may be utilised.

Accordingly, as a result of the estimates of tax expense made by the tax group companies and the unused tax losses and credits recognised, the outstanding balance of taxes payable by GAMESA to group companies, in its capacity as parent company of the tax group, narrowed by EUR 940 thousand (Note 17).

Deferred tax liabilities-

The change in deferred tax liabilities during the year was as follows:

	Thousands of euros		
	01/01/08	Adjustments	31/12/08
Provisions reversed (Note 2.d)	6,985	-	6,985
Other	226	(226)	-
Total deferred tax liabilities	7,211	(226)	6,985

Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations has expired. At year-end 2008 the consolidation tax group headed up by GAMESA has its income tax returns from 2005 and thereafter open to review. In addition, it is open for review by the tax inspection authorities for all other applicable taxes from 2005 onwards. The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

The tax regulation applicable to the 2008 income tax return is Alava Corporation Tax Regulation 24/1996, of 5 July, as amended by prevailing Alava Corporation Tax Regulation 13/2007, of 26 March, and prevailing Alava Corporation Tax Regulation 21/2008, of 18 December, which, among other measures, stipulate a general tax rate of 28%.

On 11 September 2008, the European Community Court of Justice ruled on the request for judicial clarification submitted by the Basque Country High Court in September 2006, upholding the Basque tax regulations. Based on the European Court of Justice ruling, in December 2008 the Basque Country High Court dismissed a number of appeals lodged against the corporation income tax regulations set by the provincial councils. However, this decision has been appealed before the Supreme Court.

The Company's directors have estimated corporation tax for 2008 and for the years open to inspection on the basis of the provincial legislation in force at each year end, based on their consideration that the final outcome of the various litigation and appeals brought in this regard will not have any material impact on the financial statements taken as a whole.

15. Guarantee commitments to third parties

At year-end 2008 GAMESA had guaranteed credit facilities arranged by its former subsidiary Gamesa Solar, S.A. (sold in 2008) and its associate Windar Energías Renovables, S.L. (Note 8).

In addition to these guarantees extended to Spanish companies, GAMESA has provided sureties for its US subsidiary Gamesa Technology Corporation, Inc. (Note 8) for the arrangement of credit facilities and guarantees up to a maximum of USD 60 million, and to its Chinese subsidiaries (indirectly 100%-owned by the Company), Gamesa Blade Tianjin Co Ltd, Gamesa Wind Beijing Co Ltd and Gamesa Wind Tianjin Co Ltd, for a maximum of RMB 100 thousand.

On 19 December 2008, Gamesa Eólica, S.L. (100%-owned indirectly by Gamesa Corporación Tecnológica, S.A.) (Note 17), arranged financing with the European Investment Bank for up to EUR 200 million in two tranches of EUR 140 and EUR 60 million, respectively. Gamesa Corporación Tecnológica, S.A., together with other GAMESA Group companies 100%-owned directly or indirectly by the Company, are first demand joint and several guarantors to the European Investment Bank in respect of payment of the principle, interest, fees and commissions and any other expenses in the event that Gamesa Eólica, S.L. is unable to meet its obligations under the loan. At 31 December 2008, Gamesa Eólica, S.L. had not drawn down this facility.

GAMESA does not expect significant liabilities to arise for the Company as a result of these guarantees.

16. Revenue and expenses

a) Other operating revenue - Sundry and other operating revenue

The heading "Other operating revenue – Sundry and other operating revenue" in the accompanying 2008 income statement includes EUR 22,578 thousand in respect fundamentally of services provided at market prices by the Company's management to other Group companies. These services comprised of consultancy, advisory and other support to management and other departments at these companies with a view to ensuring delivery of the business targets set by the Company (Note 17).

b) Other operating expenses

The breakdown of "Other operating expenses" in the 2008 income statement is as follows:

	Thousands of euros
Rents and royalties (Note 7)	3,846
Repairs and maintenance	847
Independent professional services	15,004
Transport expenses	165
Insurance premiums	261
Banking fees and commissions	216
Advertising, publicity and public relations	1,573
Utilities	207
Other services	3,736
Taxes other than income tax	53
Other operating expenses, total	25,908

"Independent professional services" includes primarily EUR 4,850 thousand in M&A advisory fees (Note 8), EUR 6,252 thousand in consultancy fees (administrative and technical) and EUR 779 thousand in legal advisory fees.

c) Employee benefits expenses

The breakdown of "Employee benefits expenses" in the accompanying 2008 income statement is as follows:

	Thousands of euros
Wages and salaries	7,430
Performance-based compensation	1,711
Provision for long-term incentives (Notes 4.l and 12)	1,747
Termination benefits expense (Note 4.i)	645
Employee welfare expenses	1,027
Other social charges (Note 19)	1,329
Total employee benefits expense	13,889

"Performance-based compensation" reflects the amount accrued in 2008 by the Company's managers and employees based on the level of fulfilment of the targets set for the year.

The average headcount of the Group in 2008 by employee category and gender was as follows:

Professional category	Average no. of employees		
	Male	Female	Total
Management	21	4	25
Other employees	32	42	74
Total	53	46	99

At 31 December 2008 the Company's headcount was 98, broken down as follows:

Professional category	Average no. of employees		
	Male	Female	Total
Management	23	4	27
Other employees	23	48	71
Total	46	52	98

17. Related party transactions and balances

A summary of the balances maintained with Group and related companies (see Notes 8, 11 and the Appendix) at 31 December 2008 and transactions carried out in the year then ended is as follows:

	Thousands of euros							
	Current receivables		Current trade and other payables					
	Trade receivables	Current loans to Group companies	Income tax (Note 14)	Accounts payable	Current borrowings from Group companies	Other operating revenue (Note 16.a)	Finance revenue	Finance expense
Group companies-								
Cametor, S.L.	-	-	166	-	(5,750)	-	-	271
Gamesa Eólica, S.L.U.	4	80,192	(39)	(2)	-	(14,274)	(1,606)	-
Gamesa Energía, S.A.U.	-	102,884	(19,561)	-	(6,158)	(4,914)	(102,884)	-
Cantarey Reinosa, S.A.U.	1	-	-	-	-	-	-	-
Gamesa Technology Corporation, Inc.	-	-	-	-	-	(3,042)	-	-
Gamesa Energy Transmission, S.A.U.	7	-	7,530	-	-	-	-	-
Gamesa Electric, S.A.U.	-	-	187	(3)	-	-	-	-
Especial Gear Transmisión, S.A.	-	-	(1,951)	-	-	-	-	-
Gamesa Inversiones Energéticas Renovables, S.C.R	-	-	(375)	-	-	-	-	-
Gamesa Nuevos Desarrollos, S.A.	-	1,671	(348)	-	-	-	-	-
Gamesa Innovation and Technology, S.A.	-	-	-	(9)	-	-	-	-
Gamesa Blade Tianjin, Co Ltd	-	-	-	-	-	-	-	-
Gamesa Wind Tianjin, Co Ltd	-	-	-	(4)	-	-	-	-
Gamesa Energiaki Hellas, A.E.	-	-	-	(1)	-	-	-	-
Gamesa Energía Aznalcollar, S.A.	-	-	-	-	(1,201)	-	-	-
Related parties-								
Iberdrola, S.A. (Nota 11)	-	-	-	(15)	-	-	-	-
	12	184,747	(14,391)	(34)	(13,109)	(22,230)	(104,490)	271

Gamesa Energía, S.A.U. dividend

On 1 July 2008, the Sole Director of Gamesa Energía, S.A. resolved to distribute a dividend against profit for the year totalling EUR 100,000 thousand, which had not yet been paid at year-end 2008. The balance receivable in this respect has been recorded in "Loans to Group companies" within current assets (Note 17). The Company accrues interest on this loan at Euribor plus a market spread. At 31 December 2008, the interest accrued was also pending collection.

Strategic agreement with Iberdrola Renovables, S.A.

On 13 June 2008, GAMESA and Iberdrola Renovables, S.A. (a subsidiary of Iberdrola, S.A. and hereinafter "Iberdrola Renovables") agreed to:

- The acquisition by Iberdrola Renovables of the wind power projects owned by Gamesa Energía, S.A. (Note 8) in the UK, Mexico and the Dominican Republic, with aggregate capacity of over 900 MW and, where applicable, the corresponding promotion, development and operation activities.

- Pool the wind farm promotion, development and operation businesses of Gamesa Energía, S.A. and Iberdrola Renovables in Spain and certain European nations and these businesses' pipelines, regardless of their development status, via their contribution to two or more joint ventures (the vehicles) to be wholly owned between the two parties. The initial plan is to set up two vehicles, one for the Spanish businesses and the other for the European operations. The respective ownership interests in these vehicles was determined based on the parties' estimation of when the projects comprising the businesses' pipelines will be commissioned from 1 January 2008 onwards (with the exception of certain projects to be specifically pinpointed in the strategic agreement) and the value assigned to these projects as a function of, among other criteria, the estimated capacity and production of each facility. It is initially estimated that Gamesa Energía, S.A. will own 23% of the capital of the company set up to hold the Spanish businesses (with Iberdrola Renovables owning the remaining 77%), with the option to increase its shareholding to up to 32%, subject to delivery of certain conditions. Likewise, Gamesa Energía, S.A. will own 24% of the company set up to hold the non-Spanish businesses contributed to the venture (with Iberdrola Renovables owning the remaining 76%). The GAMESA Group believes that the execution of this agreement will result in loss of effective control over the aforementioned projects. The ownership stakes listed above initially set by GAMESA and Iberdrola Renovables were subsequently ratified by an independent expert.

By virtue of the same strategic agreement, GAMESA and Iberdrola Renovables have committed not to sell their respective stakes in the new companies before 31 December 2010, unless either party receives prior written consent from the other party. After 1 January 2011, Iberdrola Renovables is entirely free to sell its ownership interests in the joint venture vehicles; in this respect, GAMESA has the tag along and right of first refusal rights outlined below.

To the contrary, after 1 January 2011, GAMESA may only sell its ownership interests in the joint venture vehicles to Iberdrola Renovables, by exercising the options outlined below. Notwithstanding the above, GAMESA is entitled to sell its entire ownership stake in the vehicles to a third party if it obtains prior written consent to do so from Iberdrola Renovables. In this instance, the third party buyer would be subject to the all the same restrictions and conditions as GAMESA.

Tag along rights

In the event that, after 31 December 2010, Iberdrola Renovables decides to:

(a) sell its entire ownership interest in any of the vehicles to a third party, or

(b) sell part of its ownership interest in the vehicles to a third party, and as a result of the transfer, Iberdrola Renovables' stake in the vehicle in question falls below fifty per cent,

GAMESA shall be entitled to sell its entire stake in the vehicle in question to the same third party on the same terms and conditions as those agreed by Iberdrola Renovables and the buyer.

Meanwhile, if Iberdrola Renovables agrees to an acquisition price for its interest in any of the vehicles and the following circumstances are met:

(a) GAMESA proves that the sale price is below market price, based on a report by an independent expert appointed by GAMESA to this end, and

(b) GAMESA proves that this price discrepancy relative to the market price is the result of simultaneous negotiations with the buyer in relation to the acquisition of Iberdrola Renovables' stake in the vehicle in question as a result of which Iberdrola Renovables would obtain additional compensation from the buyer,

Iberdrola Renovables must compensate GAMESA for the amount of additional compensation obtained from the buyer.

GAMESA's right of first refusal

In the event that, after 31 December 2010, Iberdrola Renovables decides to:

(a) sell its entire ownership interest in any of the vehicles to a third party, or

(b) sell part of its ownership interest in the vehicles to a third party, and as a result of the transfer, Iberdrola Renovables' stake in the vehicle in question falls below fifty per cent,

Iberdrola Renovables must notify GAMESA in writing of its intentions, identifying which investment it plans to sell. In this instance GAMESA has the option to acquire the investment in the vehicle in question in full, so long as the price offered by GAMESA is above the highest price bid by the interested candidates and all other terms and conditions of the bid are matched. In this case, Iberdrola Renovables must accept GAMESA's bid and sell its interest in the vehicle in question to GAMESA.

Call and put options on the vehicles

After 31 December 2010, the following call and put options on the Spanish and foreign vehicles can be exercised as follows:

- Iberdrola Renovables grants to GAMESA two put options on the full investment held by the latter at any point in time in each of the Spanish and foreign vehicles (namely, a fully independent put option for each vehicle). This option relates exclusively to the entire investment and cannot be partially exercised. If GAMESA exercises its put option, Iberdrola Renovables is obliged to acquire GAMESA's entire stake in the corresponding vehicle.
- GAMESA grants to Iberdrola Renovables two call options on the full investment held by GAMESA at any point in time in each of the Spanish and foreign vehicles (namely, a fully independent call option for each vehicle). This option relates exclusively to the entire investment and cannot be partially exercised. If Iberdrola Renovables exercises its call option, GAMESA is obliged to sell its entire stake in the corresponding vehicle to Iberdrola Renovables.

The exercise period on these put and call options runs until 31 December 2011. If none of these options has been exercised by 31 December 2011, the exercise period shall be extended by one year, on successive occasions, for as long as the strategic agreement remains in force and none of the options have been exercised.

The strike price will be set as a function of the straight average of the valuations drawn up by the investment banks engaged by the two parties. The form of payment is at the discretion of Iberdrola Renovables, and may take the form of cash or Iberdrola Renovables shares, or a combination thereof.

The suspensive conditions to the strategic agreement of 13 June 2008 expired on 13 December 2008. At 31 December 2008, GAMESA and Iberdrola Renovables were in the process of finalising the definitive agreement. The directors of GAMESA believe that the agreement will be definitively executed in the initial months of 2009.

The various dedicated teams put in place to this end are currently working out the final details of the transaction structure, developing the business plans and analysing in detail the legal, tax, accounting and financial terms, among others. This work is expected to conclude imminently.

The definitive agreement is expected to produce certain changes, albeit not material, to the terms outlined above, and in any event said changes will remain faithful in spirit and balance to the key principles struck in the strategic agreement detailed above.

Other contracts in effect between the GAMESA Group and the Iberdrola Group

On 26 October 2005, the GAMESA Group executed a new framework agreement with Iberdrola Energías Renovables, S.A. (formerly Iberdrola Energías Renovables II, S.A.) consisting of a commitment to acquire ownership interests in companies owning wind farms in Andalusia and Italy up to a total attributable capacity of 600 MW and 100 MW, respectively.

On 21 December 2007 GAMESA and Iberdrola Renovables, S.A. updated the said agreement with the result that Iberdrola Renovables, S.A. acquired ownership interests in companies owning wind farms mainly in Andalusia with total attributable capacity of 578 MW (extendable by the buyer up to 594 MW) in line with the expected average gains established and guaranteed in the initial agreement, and the schedule for the start-up of the wind farms (start-up deadline scheduled for the second half of 2009). The projects were updated in line with the expected average periods and gains established in the initial agreement. As a result, the GAMESA Group changed the estimated prices based on the update made.

Also, on 3 October 2006, the GAMESA Group formalised through its subsidiary Gamesa Eólica, S.L. an agreement with the Iberdrola Group amounting to approximately EUR 2,300 million, whereby it will supply wind turbines with a total capacity of 2,700 MW between 2007 and 2009, which will be installed in wind farms in Spain, the rest of Europe, Mexico and the US.

On that same date, and also for the period from 2007 to 2009, the GAMESA Group and Iberdrola entered into an agreement to develop 1,000 MW of capacity at wind farms in the US, of which 500 MW will be installed under turnkey arrangements (of which 300 MW relate to firm commitments and 200 MW are subject to a right of acquisition), and 500 MW relate to the acquisition of wind farm developments in progress. The price of this transaction will be established on the basis of technical and timing variables and will be between USD 700 million and USD 1,100 million, depending on the final capacity acquired.

Under the framework of Gamesa's business plan, specifically its focus on strategic markets where it seeks to position itself as preferred supplier for its major customers, on 13 June 2008, Gamesa Eólica, S.L. Unipersonal, a company 100% indirectly owned by Gamesa Corporación Tecnológica, S.A., and Iberdrola Renovables, S.A. reached an agreement to supply wind turbines representing total capacity of 4,500 MW for wind farm projects in Europe, Mexico and the US between 2010 and 2012, both years inclusive. This agreement extends to the assembly and start-up of the wind turbine generators and the operating and maintenance services on these turbines throughout the warranty period.

Financing agreements between GAMESA Group companies

In 2002 Gamesa Corporación Tecnológica, S.A. was extended a loan by Gamesa Eólica, S.L. (a sole shareholder company 100%-owned indirectly by Gamesa Corporación Tecnológica, S.A.). This loan accrues interest at an annual rate of 2%; it will be repaid in conjunction with settlement of Gamesa Eolica, S.L.U.'s borrowings. At 31 December 2008 this loan stood at EUR 80,192 thousand; it accrued interest of EUR 1,606 thousand during the year.

Contracts between the GAMESA Group and Windar Renovables, S.L. (Note 8)

On 25 June 2007, GAMESA (through Gamesa Eólica, S.L., 100%-owned indirectly by Gamesa Corporación Tecnológica, S.A.) entered into a wind tower supply agreement with Windar Renovables, S.L. (Note 8), guaranteeing the supply of at least 3,168 towers a year. This contract is effective through 31 December 2019.

Director and key management remuneration and other benefits

In 2008 the directors of GAMESA earned attendance fees, wages and salaries and other items amounting to approximately EUR 2,629 thousand (2,208 thousand in 2007). This amount includes EUR 1,238 thousand of fixed remuneration (EUR 742 thousand in 2007), EUR 423 thousand of variable remuneration (EUR 300 thousand in 2007), EUR 763 thousand of attendance fees (EUR 987 thousand in 2007) and EUR 205 thousand of bylaw-stipulated directors' emoluments (EUR 179 thousand in 2007), i.e. third-party liability, life and accident insurance premiums. Additionally, broken down by directorship, EUR 1,529 thousand related to executive directors (EUR 1,110 thousand in 2007), EUR 357 thousand to non-executive proprietary directors (EUR 448 thousand in 2007), EUR 545 thousand to independent non-executive directors (EUR 541 thousand in 2007) and EUR 198 thousand to other non-executive directors (EUR 109 thousand in 2007). No advances or loans were granted to current or former Board members and there are no pension obligations to them.

Remuneration paid (monetary and in-kind compensation, social welfare benefits, etc,) to the Parent Company's general managers and persons discharging similar responsibilities, excluding managers that are also members of the Board of Directors (whose compensation is set out above), amounted to EUR 6,125 thousand in 2008 (2007: EUR 3,293 thousand).

Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the directors

Pursuant to Article 127 ter.4 of the Spanish Companies Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988, of 28 July, and the consolidated Spanish Companies Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Gamesa Corporación Tecnológica, S.A. in which the former or current members of the Board of Directors own equity interests and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of business	Number of shares	Duties
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electricity industry	76,684,584 (800 direct voting rights and 76,683,784 indirect voting rights)	Deputy Chairman, member of the Executive Standing Committee and member of the Appointments and Remuneration committee
IBERDROLA, S.A.	Iberdrola Renovables, S.A.	Electricity industry	3,379,251,920	–
	Iberdrola Generación, S.A.	Electricity industry	444,469,000	Sole director
	Iberdrola Energía, S.A.	Electricity industry	49,097,370	Sole director
	Iberdrola Ingeniería y Construcción, S.A.U.	Electricity industry	110,000	Sole director
	Scottish Power, Limited	Electricity industry	106,197,793	–
Velasco Gómez, Pedro	Iberdrola, S.A.	Electricity industry	19,281	Manager for Non-Energy Businesses and Real Estate
Carlos Fernández – Lerga Garralda	Iberdrola Renovables, S.A.	Electricity industry	398	–
Alcolea Cantos, José Miguel (in representation of IBERDROLA, S.A.)	Iberdrola, S.A.	Electricity industry	27,106	Manager of Business Legal Services

In 2008 the other Board members did not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of GAMESA. Also, the current or former directors have not performed and are not currently performing any activity, as independent professionals or as employees, which is identical, similar or complementary to the activity that constitutes the company object of GAMESA.

18. Other disclosures

a) Fees paid to auditors

The fees for financial audit services provided to the various GAMESA Group companies and subsidiaries by the principal auditor and by other entities related to the auditor in 2008 amounted to EUR 1,137 thousand (2007: EUR 1,119 thousand). Also, the fees paid in this connection to other auditors who participated in the audit of various Group companies amounted to EUR 116 thousand (2007: EUR 100 thousand).

In addition, the fees paid to the principal auditor and to other entities related to the auditor in 2008 for other audit review and verification services provided to the various Group companies amounted to EUR 57 thousand (2007: EUR 37 thousand), whereas the fees paid for other professional services provided to the various Group companies amounted to EUR 1,379 thousand (2007: EUR 1,205 thousand). The fees paid for these concepts to other auditors who participated in the audit of various Group companies amounted to EUR 1,045 thousand (2007: EUR 1,063 thousand).

b) Financial structure

As detailed in Note 1, the Company is the parent of the GAMESA Group. Management of the Company's financial structure is jointly coordinated by the Company's corporate management and the Group business units (Note 10).

At 31 December 2008, as disclosed in the consolidated annual financial statements of the GAMESA Group (drawn up under the International Financial Reporting Standards approved by the European Union), Group equity stood at EUR 1,508,110 thousand (EUR 1,258,717 thousand at year-end 2007) while borrowings amounted to EUR 465,608 thousand (EUR 833,095 thousand at year-end 2007).

19. Events after the balance sheet date

The most significant event relates to the strategic agreement with Iberdrola Renovables, S.A. outlined in Note 17 which details related party agreements.

20. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

ANNEX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2008

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
FULLY CONSOLIDATED COMPANIES								
A) GAMESA ENERGÍA GROUP								
Gamesa Energía, S.A. (**)	Development of wind farms	Deloitte	Álava	100%	35,491	156,018	309,491	(33,929)
A.1 Wind farms								
• Development of wind farms								
Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen Simplificado, S.A.	Development of wind farms	Deloitte	Vizcaya	100%	1,200	(509)	(615)	(791)
Gamesa Energía Italia, S.P.A.	Development of wind farms	Deloitte	Italy	100%	570	(33)	(25)	471
Gamesa Energiaki Hellas, A.E.	Development of wind farms	Deloitte	Greece	100%	234	72	(84)	134
Gamesa Energía Portugal, S.A.	Development of wind farms	Deloitte	Portugal	100%	475	313	71	172
Gamesa Energie France, E.U.R.L.	Development of wind farms	Deloitte	France	100%	60	127	14	534
Parques Eólicos del Caribe, S.A.	Development of wind farms	-	Dominican Republic	57%	634	(60)	(29)	(25)
Navitas Energy, Inc.	Development of wind farms	Deloitte	United States	94.63%	191	5,475	927	4,372
Whitehall Wind	Development of wind farms	Deloitte	United States	100% Navitas	0	-	-	-
Main Wind 1	Development of wind farms	Deloitte	United States	100% Navitas	0	-	-	-
Gamesa Energía Polska	Development of wind farms	Deloitte	Poland	100%	112	304	157	383
Sistems Electrics Espluga S.A.	Development of wind farms	-	Barcelona	50%	61	(94)	(137)	0
Gamesa Energía Australia PTY, Ltd.	Development of wind farms	-	Australia	100%	4,277	(4,086)	-	-
Gamesa Energy UK, Ltd.	Development of wind farms	Deloitte	United Kingdom	100%	0	(244)	(1,537)	(90)
Gamesa Energie Deutschland, GmbH	Development of wind farms	Deloitte	Germany	100%	575	(846)	2,159	1,010
GERR, Grupo Energético XXI, S.A.	Development of wind farms	-	Barcelona	100%	1,605	37	(195)	443
International Wind Farm Developments II, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	(1)	(1)
International Wind Farm Developments III, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	(1)	(1)
• Operation of wind farms								
Windfarm 32 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(1)	125
Windfarm 33 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	45
Windfarm 34 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	87
Windfarm 35 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(2)	55
Windfarm 36 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	34
Windfarm 37 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 38 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 39 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 40 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)

ANNEX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2008

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Windfarm 41 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
S.E. Balazote, S.A.	Operation of wind farms	-	Toledo	100%	61	(1)	(0)	0
S.E. Cabezo Negro, S.A.	Operation of wind farms	-	Zaragoza	95.08%	61	(3)	(1)	101
SAS SEPE du Mont de Chatillon	Operation of wind farms	-	France	100%	37	(3)	(1)	(2)
SAS SEPE de la Pomarede	Operation of wind farms	-	France	100%	37	(3)	(4)	(5)
SAS SEPE du Plateu	Operation of wind farms	-	France	100%	37	(3)	(5)	(5)
SAS SEPE D´ Atlancia	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
SAS SEPE de la Bastide Aut. Mont	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
PETAF - Energia Eolica Sociedade Unipessoal Lda (*)	Operation of wind farms	-	Portugal	100%	5	-	(1)	(1)
Sistemas Energéticos La Plana, S.A.	Operation of wind farms	-	Zaragoza	90%	421	1,192	577	965
Sistemas Energéticos La Estrada, S.A.	Operation of wind farms	-	A Coruña	100%	61	(159)	(5)	121
Sistemas Energéticos Mondoñedo Pastoriza, S.A.	Operation of wind farms	-	A Coruña	100%	61	(99)	(4)	1,282
Sistemas Energéticos Ferrol Nerón, S.A.	Operation of wind farms	-	A Coruña	100%	61	(11)	(12)	4
Sistemas Energéticos La Jimena, S.A.	Operation of wind farms	-	Soria	60%	61	(115)	(66)	(33)
Sistemas Energéticos Barandón, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(1)	(1)
Eoliki Eliniki, A.E.	Operation of wind farms	Deloitte	Greece	86%	68	(8)	(17)	7
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	60	(21)	(9)	(9)
Eoliki Attikis Kounus Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	60	(20)	(8)	(8)
Parco Eólico Orune, S.P.A.	Operation of wind farms	-	Italy	100%	30	(11)	(2)	(2)
Parco Eólico Pedro Ghisu, S.P.A.	Operation of wind farms	-	Italy	90%	30	(13)	(2)	6
Parco Eólico Nevena, S.P.A.	Operation of wind farms	-	Italy	100%	30	(11)	(2)	(2)
Parco Eólico Punta Ferru, S.R.L.	Operation of wind farms	-	Italy	90%	30	(3)	(3)	(3)
Parco Eólico Marsica Vento, S.R.L.	Operation of wind farms	-	Italy	90%	30	(4)	(3)	(3)
Parco Eólico San Francesco, S.R.L.	Operation of wind farms	-	Italy	100%	30	(5)	(4)	136
Sistemas Energéticos Ventorrillo, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(0)	3
Sistemas Energéticos Carellana, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(1)	(1)
Sistemas Energéticos Ritobas, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(0)	0
Sistemas Energéticos de Tarifa, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(5)	(1)	(1)
Sistemas Energéticos Argañoso, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(15)	(2)	(2)
Sistemas Energéticos Odra, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	0
Sistemas Energéticos Ortegal, S.A.	Operation of wind farms	-	A Coruña	80%	61	(2)	(1)	(1)
Sistemas Energéticos del Sur, S.A.	Operation of wind farms	-	Seville	70%	61	(45)	(41)	(32)
Sistemas Energéticos Castillejo, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	0
Sistemas Energéticos los Nietos, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Pontenova Riotorto, S.A.	Operation of wind farms	-	A Coruña	100%	61	(9)	(0)	425
Sistemas Energéticos Sierra de Lourenza, S.A.	Operation of wind farms	-	A Coruña	100%	61	(48)	(1)	43
Sistemas Energéticos Loma del Reposo, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(8)	(3)	(3)

ANNEX
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COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos La Jauca, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Edreira, S.A.	Operation of wind farms	-	A Coruña	100%	61	9	(0)	0
Sistemas Energéticos Del Toro, S.A.	Operation of wind farms	-	Seville	100%	61	(1)	(0)	0
Sistemas Energéticos Cañarete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos El Pertiguero, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Campoliva, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(1)	(0)	0
Sistemas Energéticos Herrera, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(1)	(0)	0
Sistemas Energéticos Carril, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(1)	(1)	(1)
Sistemas Energéticos Alto del Abad, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(0)	77
Sistemas Energéticos Del Zenete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Alcohujate, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	14
Energiaki Megas Lakkos, A.E.	Operation of wind farms	Deloitte	Greece	100%	60	(20)	(8)	(9)
SAS SEPE Talizat Rezentieres II	Operation of wind farms	-	France	100%	37	(10)	(16)	6
SAS SEPE de Menetreol Sous Vatan	Operation of wind farms	-	France	100%	37	(17)	(2)	1
SAS SEPE des Potences	Operation of wind farms	-	France	100%	37	(8)	(3)	1
SAS SEPE de la Bouleste	Operation of wind farms	-	France	100%	37	(9)	(3)	1
SAS SEPE Serre du Bichou	Operation of wind farms	-	France	100%	37	(3)	(1)	(2)
SAS SEPE Saint Georges de Noisné	Operation of wind farms	-	France	100%	37	(9)	(2)	(1)
SAS SEPE Lingevres	Operation of wind farms	-	France	100%	37	(4)	(1)	(2)
SAS SEPE Corlay Saint Mayeux	Operation of wind farms	-	France	100%	37	(8)	(2)	(2)
SAS SEPE St. Loup de Saintonge	Operation of wind farms	-	France	100%	37	(5)	(1)	(2)
SAS SEPE Villiers Vouille et Yversay	Operation of wind farms	-	France	100%	37	(10)	(1)	(2)
SAS SEPE de la Nelausa	Operation of wind farms	-	France	100%	37	(7)	(2)	(1)
SAS SEPE Souvigne	Operation of wind farms	-	France	100%	37	(8)	(3)	(3)
SAS SEPE Dampierre Prudemanche	Operation of wind farms	-	France	100%	37	(8)	(3)	3
SAS SEPE de L'Epinette	Operation of wind farms	-	France	100%	37	(10)	(1)	(2)
SAS SEPE Germainville	Operation of wind farms	-	France	100%	37	(9)	(2)	4
SAS SEPE Ecueille	Operation of wind farms	-	France	100%	37	(11)	(2)	(1)
SAS SEPE Janaillat at Saint Dizier Leyrenne	Operation of wind farms	-	France	100%	37	(9)	(10)	(7)
SAS SEPE Du p.e. Moreac	Operation of wind farms	-	France	100%	37	(12)	(2)	2
SAS SEPE Poullan	Operation of wind farms	-	France	100%	37	(7)	(1)	(2)
SAS SEPE Kaymard	Operation of wind farms	-	France	100%	37	(4)	(3)	(4)
SAS SEPE La Vaysse	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
SAS SEPE Monplaisir	Operation of wind farms	-	France	100%	37	(8)	(1)	(2)
SAS SEPE D'Aussac Vadalle Pas	Operation of wind farms	-	France	100%	37	(8)	(5)	(6)
Urgeban Grupo Energético, S.A.	Development of wind farms	-	Valencia	100%	300	(302)	(0)	0
Parque Eólico Ortona Vento, S.R.L.	Operation of wind farms	-	Italy	87.5%	30	(7)	(3)	(3)
Parque Eólico Monte Selva, S.R.L.	Operation of wind farms	-	Italy	86.5%	30	(7)	(3)	(3)
Sistemas Energéticos Mesa de Ocaña, S.A.	Operation of wind farms	-	Toledo	100%	61	(24)	(18)	389
Sistemas Energéticos Fonseca, S.A.	Operation of wind farms	-	A Coruña	100%	61	(61)	(0)	18
Sistemas Energéticos del Umia, S.A.	Operation of wind farms	-	A Coruña	100%	61	(2)	(0)	0

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					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos Cuntis, S.A.	Operation of wind farms	-	A Coruña	100%	61	(2)	(0)	0
Parque Eólico do Cigarrelho, S.A.	Operation of wind farms	-	Portugal	100%	50	(9)	(5)	(7)
Sistemas Energéticos Los Lirios, S.A.	Operation of wind farms	-	Seville	60%	61	(1)	(1)	47
Sistemas Energéticos Alto do Seixal, S.A.	Operation of wind farms	-	A Coruña	100%	61	(6)	(0)	23
Sistemas Energéticos Monfero Guitiriz, S.A.	Operation of wind farms	-	A Coruña	100%	61	(11)	(55)	837
Energies Renouvelables Development, S.A.R.L.	Operation of wind farms	-	France	100%	9	(10)	(0)	0
BII NEE Stipa Energía Eólica	Operation of wind farms	-	Mexico	74.82%	8	-	(0)	7,975
Sistemas Energéticos Fuerteventura, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(3)	(3)	(3)
Sistemas Energéticos Arico, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(2)	(1)	(1)
Sistemas Energéticos Alto de Croa, S.A.	Operation of wind farms	-	A Coruña	100%	61	(40)	(3)	(3)
Sistemas Energéticos La Gomera, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(1)	(1)
Sistemas Energéticos Cabanelas, S.A.	Operation of wind farms	-	A Coruña	100%	61	(6)	(1)	19
Sistemas Energéticos Sierra de Costanazo, S.A.	Operation of wind farms	-	Valladolid	60%	61	(3)	(0)	0
Abruzzo Vento, S.P.A.	Construction and operation of wind farms	-	Italy	90%	30	(27)	(3)	(3)
Sistemas Energéticos Quiñonería, S.A.	Operation of wind farms	-	Valladolid	60%	191	(4)	(0)	0
Eólica Da Cadeira, S.A.	Operation of wind farms	-	A Coruña	65%	60	(30)	(0)	0
EBV Holding Verwaltung GMBH	Operation of wind farms	-	Germany	100%	25	13	1	1
EBV WP Nr. 28 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(14)	(37)	252
EBV WP Nr. 29 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(1)	(1)
EBV WP Nr. 30 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(0)	0
EBV WP Nr. 31 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(0)	0
Sistemes Energetics Conesa II, S.A.	Operation of wind farms	-	Barcelona	100%	61	(3)	(0)	5
Sistemes Energetics Savalla del Comtat, S.A.	Operation of wind farms	-	Barcelona	100%	61	(2)	(0)	10
Sistemes Energetics Serra de Montargull, S.A.	Operation of wind farms	-	Barcelona	100%	61	(19)	(29)	1,035
Sistemas Energéticos La Retuerta, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	27
Sistemas Energéticos Las Cabezas, S.A.	Operation of wind farms	-	Seville	100%	61	(12)	(1)	29
Sistemas Energéticos La Tallisca, S.A.	Operation of wind farms	-	Seville	100%	61	(10)	(1)	74
Sistemas Energéticos El Centenar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	73
Sistemas Energéticos Majal Alto, S.A.	Operation of wind farms	-	Seville	100%	61	(7)	(1)	82
Sistemas Energéticos Valdefuentes, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	71
Sistemas Energéticos El Saucito, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	59
Sistemas Energéticos Loma del Viento, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Las Canteras, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Los Claveros, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Egea, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0

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COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos Sierra de Lucar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Sierra de Oria, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Sierra de las Estancias, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Almirez, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Caniles, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos El Periate, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Mojonera, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Zujar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Cuerda Gitana, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Capellán, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos las Pedrizas, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Jaralón, S.A.	Operation of wind farms	-	Vizcaya	100%	61	(2)	(2)	(2)
Parco Eolico Piano Di Iopa, S.R.L	Operation of wind farms	-	Italy	100%	30	(6)	(2)	(2)
SAS SEPE de la Souterraine	Operation of wind farms	-	France	100%	37	(2)	(4)	(5)
Gamesa Japan Kabushiki Kaisha	Operation of wind farms	-	Japan	100%	18	(11)	403	593
Gamesa Wind Hungary LLC	Operation of wind farms	-	Hungary	100%	12	13	1,232	1,620
Gamesa Eolica Greece E.P.E.	Operation of wind farms	-	Greece	100%	18	(354)	378	522
Energiaki Pilou - Methonis, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(27)	(27)
Energiaki Polimilou, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(50)	(50)
Energiaki Ptoon, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(9)	(9)
Taciewo sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Pielplin sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(4)	(4)
Lipniki sp. W Zoo. Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Southern Windfarm sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Sistemes Energetics Conesa I, S.L.	Operation of wind farms	-	Barcelona	100%	3	-	(1)	8
Vento Artabro, S.A. (*)	Operation of wind farms	-	A Coruña	80%	61	-	(1)	(1)
Xeracion Eolica de Galiza, S.A. (*)	Operation of wind farms	-	Santiago de Com-postela	65%	60	-	(7)	(7)
Zuromin Z.o.o. (*)	Operation of wind farms	Deloitte	Poland	100%	15	-	(0)	0
Krzecin Z.o.o. (*)	Operation of wind farms	Deloitte	Poland	100%	15	-	(0)	0
Parco Eolico Tuturano S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
Parco Eolico Prechicca S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
Parco Eolico Monte Maggio Scalette S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
A.2 Manufacture of WTGSs								
Gamesa Eólica, S.L. (***)	Wind-powered facilities	Deloitte	Navarra	100%	3	362,829	76,291	74,522
Gamesa Investigation and Technology	Manufacture of moulds and blades and provision of central services (engineering)	Deloitte	Navarra	100%	2,895	441,197	50,352	41,975
Estructuras Metálicas Singulares, S.A.	Manufacture of WTGSs	Deloitte	Navarra	100%	61	4,708	837	1,121

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Gamesa Wind Engineering, APS	Engineering services	-	Denmark	100%	19	232	(30)	(32)
Gamesa Wind, GMBH	Wind-powered facilities	-	Germany	100%	25	(7,834)	(219)	(1,301)
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	Deloitte	Italy	100%	30	4,842	(4,166)	(4,518)
Gamesa II Eólica Portugal Sociedade Unipessoal Lda (*)	Wind-powered facilities	-	Portugal	100%	960	-	1,091	1,301
Gamesa Wind Turbines PTV, Lda (*)	Wind-powered facilities	-	India	100%	2,002	-	(119)	(119)
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	Ernst & Young	China	100%	1,800	(3,679)	7,072	7,193
Gamesa (Beijing) Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	-	China	100%	200	(1,324)	(1,069)	(1,693)
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	-	China	100%	8,198	(5,570)	68,887	68,140
Gamesa Trading Co., Ltd. (*)	Raw material trader	Deloitte	China	100%	49	-	(3)	(3)
Gamesa Bulgaria Eood	Manufacture, construction and operation of wind farms	-	Bulgaria	100%	3	-	(1)	(1)
Gamesa Eolica France SARL	Wind-powered facilities	Deloitte	France	100%	60	1,798	(1,113)	(1,476)
Gamesa Electric, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Vizcaya	100%	9,395	(68)	13,711	825
Cantarey Reinosa, S.A.	Manufacture of electricity generators	Ernst & Young	Cantabria	100%	4,217	8,064	4,069	6,853
Enertron, S.L.	Manufacture of electronic equipment	Ernst & Young	Madrid	100%	301	2,026	1,059	2,940
Valencia Power Converters, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Valencia	100%	61	1,772	8,295	12,199
Gamesa Energy Transmisión, S.A.	Manufacture of wind-power components	Ernst & Young	Vizcaya	100%	21,660	20,080	15,996	18,527
Especial Gear Transmission, S.A.	Manufacture of gear assemblies	Ernst & Young	Vizcaya	100%	732	(1,139)	1,636	841
Fundición Nodular del Norte, S.A.	Iron smelting	Ernst & Young	Burgos	100%	1,200	125	261	500
Transmisiones Eólicas de Galicia, S.A.	Manufacture of wind-power components	Ernst & Young	A Coruña	100%	695	153	1,455	2,175
Made Tecnologías Renovables, S.A.	Wind-powered facilities	Deloitte	Madrid	100%	40	4,045	214	3,265
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	-	Mexico	100%	3	(301)	292	1,894
Gamesa Wind Poland Sp zoo	Wind-powered facilities	Deloitte	Poland	100%	13	(0)	1,930	176
Parque Eólico Dos Picos, S.L. (*)	Operation of wind farms	Deloitte	Vizcaya	100%	1,229	-	(32)	(32)
Eolo Re, S.A.	Reinsurance	-	Luxem-bourg	100%	3,000	-	13	(14)

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					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
B) GAMESA NUEVOS DESARROLLOS GROUP								
Gamesa Nuevos Desarrollos, S.A.	Electrical installations	-	Vizcaya	100%	61	(1,452)	(409)	(516)
Gamesa Servicios do Brasil, Ltda.	Electrical installations	-	Brazil	100%	3,093	(3,650)	211	206
C) GAMESA TECHNOLOGY CORPORATION GROUP								
Gamesa Technology Corporation, Inc	Administrative management services	Deloitte	United States	100%	22,976	(53,338)	(3,752)	(4,522)
Fiberblade, LLC	Wind-powered facilities	Deloitte	United States	100%	0	(11,007)	(375)	1,172
Gamesa Wind US, LLC	Wind farm maintenance services	Deloitte	United States	100%	0	(25,424)	(18,977)	(24,735)
Gamesa Wind, PA	Manufacture and assembly of WTGSs	Deloitte	United States	100%	0	(339)	49,825	76,974
Gamesa Energy USA, Inc.	Development of wind farms	Deloitte	United States	100%	0	15,559	2,010	2,232
Fiberblade East	Wind-powered facilities	Deloitte	United States	100%	0	(9,884)	(5,364)	(7,286)
Towers & Metallic Structures, Inc.	Manufacture of WTGSs	Deloitte	United States	100%	0	(8,962)	(25,741)	(39,193)
D) OTHER								
Cametor, S.L.	Ownership of non-current assets	-	Álava	100%	3,902	6,935	501	(391)
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	51%	6,861	534	3,966	4,715
Gamesa Energía Aznalcollar, S. A.	Operation of wind farms	-	Seville	100%	61	(2)	(2,756)	(2,139)
COMPANIES CONSOLIDATED USING THE EQUITY METHOD								
Windar Renovables, S.L.	Head of the companies which manufacture wind generator towers	Norte Auditores	Navarra	32%	9	26,562	(1,108)	(262)
Energías Renovables San Adrián de Juarros, S.A.	Construction and operation of wind farms	-	Burgos	45%	60	(1)	(0)	0

Gamesa Corporación Tecnológica, S.A.

Auditors' report

Annual financial statements as at and for the year ended 31 December 2008 and Directors' Report

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

2008 DIRECTORS' REPORT

1. Company Performance in 2008 – Financial strength supporting sustainable and profitable growth

Gamesa Corporación Tecnológica FY 2008 after three years of sustained and profitable growth that culminated with historical record in earnings per share of EUR 1.32 and a sound financial strength that amounted to 0.1 times the EBITDA of the consolidated Group, including the debt of the Wind Farm Development and Sale unit, and far below the maximum established of 2.5 times for 2008.

Gamesa has followed the path of growing business activity, setting new annual performance objectives in the three business areas that made up the Gamesa Group in January 2008.

The Wind Turbine Generator Design and Manufacturing unit attained 3,684 MWe sold, considerably ahead of the objective of 3,600 MWe.

- Of particular note is the level of contribution of international sales (outside Spain) which amount to 61% of total sales, driven mainly by the contribution to growth of sales in Europe and the rest of the world.
- This new business target has been achieved as a result of the increase in in-house production of critical components, which increased by 12% (nacelles) and 25% (blades) with respect to 2007, and has enabled the Company to overcome the bottlenecks that occurred in 2008.
- Also, the growth in production and sales went hand-in-hand with a 12% increase in annual deliveries to 3,300 MW, achieving record delivery levels in the fourth quarter (1,375 MW) in which, for yet another year, 40% of the year's deliveries were concentrated.
- The increase in the contribution of the US was highly significant in 2008, achieving an annual rate of production of 900 MW, and more than 1,000 MW delivered.

In 2008 the Wind Farm Development and Sale unit initiated a new value creation plan culminating in 2011, while at no time losing focus on execution and achieving new levels of business activity.

- Gamesa's wind farm development team continued to generate value and make headway in its wind farm MW portfolio to achieve record figures with > 11,500 MW Probable, > 8,500 MW Likely and > 650 MW Highly Confident.
- The number of MW currently under construction also increased by 30% with respect to 2007, to 479 MW.
- MWe sold rose to 180 MWe, which is a considerable achievement if the strategic reorientation announced mid-2008 is taken into account, as a result of which the sale of new wind farms on Continental Europe was suspended.

Lastly, the management performed at the Solar unit, after the sale thereof to First Reserve Corporation for EUR 261 million in April 2008 should be noted. Gamesa fulfilled the commitment, arising from the related sales agreement, of handing over 19 solar PV projects in September 2008, with a capacity totalling 51.2 MWp, which represents 40% more business activity than in 2007, and which also marks the definitive cessation of Gamesa's participation in this branch of activity.

Culmination of the first transformation cycle (Business Plan 2006-2008)

In June 2006 Gamesa presented its 2006-2008 Business Plan, structured around three strategic objectives -Growth, Profitability and Financial Strength- and the route map set out to achieve such objectives, focusing on Gamesa's strengths and opportunities in 2006 (the wind energy industry) and on execution speed.

Three years having passed, Gamesa has shown its capacity for transformation within the deadlines set, culminating the three-year period orientated towards wind energy -with the Wind Turbine Generator unit as its main business activity and the driving force for growth- as well as having a medium-term wind farm value creation plan (announced in June 2008) in place. These two initiatives constitute the cornerstones of the new value creation plan.

2008 also saw the consolidation of Gamesa's international industrial bases. In 2008 Gamesa's production capacity in the US -a market in which Gamesa has operated since 2006- exceeded 900 MW annual local production. Also in China, where

Gamesa has operated since 2007, more than 500 MW annual production has been achieved. Lastly, in Europe Gamesa has been able to exceed 2,200 MW of production. These new business targets enabled Gamesa to close 2008 with an operating capacity in critical components functioning at an annual rate of 4,500 MW.

Since 2006 this development of the international industrial base has led to the inauguration of 11 production centres, the development of the supplier base and the hiring of 3,600 employees worldwide, in the Wind Turbine Generator unit alone.

Three years of growth based on enhanced competitiveness and productivity, a fact which is borne out by the following indicators:

Concept	Measure	2007	2008	% growth
Activity	MWe sold	1,783	3,684	x2
Productivity/employee	Sales / employee (EUR million)	0.4	0.5	+20%
Investment optimization	Material Capex/Δ MWe sold (EUR million)	0.7	0.3	-40%

Note: data corresponding to the Wind Turbine Generator units

One of the most outstanding examples of growth through productivity is the start-up in 2008 of the integrated Generator, Gearbox and Nacelle Assembly plant in Tianjin (China), through the implementation of the synchronised production system that allows for a reduction in the cycle time.

Achieving strategic goals

The implementation of the strategic initiatives and the actions plans carried out by Gamesa in 2008 made it possible to achieve the goals of Growth and Financial Strength set out in the 2006-2008 Business Plan, with the concomitant generation of cumulative cash in the period 2006-2008 exceeding EUR 1,000 million.

The announcement of the strategic agreement on wind farms on Continental Europe in June 2008 and the postponement of its closure to 2009 impeded the achievement in accounting terms of the Profitability objective. However, the management performed at this unit in 2008 (as regards the progress made in the business) and the recognition for accounting purposes of the gains on sales of developments in the UK, Mexico and the Dominican Republic would have led to the obtainment of ROCE > 16% committed for 2008.

Strategic objectives	2008 Target (June 2006)	Gamesa Consolidated 2008 - pro forma including WF business	Gamesa consolidated 2008 - ongoing operations (WTGs + Holding
Growth	CAC 05-08 EBITDA >15%	CAC 05-08=18%	CAC 05-08=+40%
Profitability	ROCE >16%	15% (*) Closure of the Strategic Agreement on wind farms on Continental Europe in 2009 (ROCE > 16%)	25%
Financial Strength	DFN / EBITDA < 2,5x	0,1x	-0,3x Net cash position
Cash Generation	> 200 MM EUR 05-08	> €1.000 MM 05-08	> €1.200 MM 05-08
Business Units	3	2	1

Note: see financial statements in the Appendixes.

The achievement of the strategic objectives of the 2006-2008 BP has enabled Gamesa to meet the challenge of Growth with cash generation. Over the three-year period, Gamesa managed to double the volume of MWe sold, increase EBITDA by more than 60% and obtain more than EUR 1,000 million cash.

Thus, Gamesa ended 2008 with a solid position from which to tackle the second Gamesa transformation cycle: focused on the Wind Turbine Generator business as the driving force for growth and profitability, and with a medium-term wind farm value creation plan, based on becoming the shareholder of Continental Europe's leading wind energy generation company and the transfer of this European model to wind farms in the US.

Wind energy as the driving force behind economic and social growth

The backdrop of uncertainty in terms of access to financing created as a result of the financial crisis of the fourth quarter of 2008, placed in question the growth capacity and the political backing of alternative generation sources including, inter alia, wind generation.

However, the political events that have occurred since October 2008 confirm the political support for renewable energy sources in the main markets, as an alternative power supply method at local scale, with the capacity to generate both employment and economic growth.

Accordingly, on 17 February the US Government passed the anxiously-awaited Stimulus Bill that includes the commitment to develop an economic and social plan based on renewable energy sources. Measures such as the extension of production tax credits until 2012, the possibility of using investment tax credits or the creation of federal funds to finance wind energy projects guarantee the development of the wind energy industry in this market over the coming three years, and represent a clear fillip to wind energy in the market that accounted for 31% of global demand in 2008 (source: GWEC).

Also, on 27 November the Chinese Government, through the NDRC (National Development and Reform Commission), published the details of its China Stimulus Package with the objective of offsetting the slump in growth and employment in the export sector through basically internal investment. Noteworthy among the plan's ten areas for priority action is the package for the promotion of environmental industry and renewable energies, the package for the development of the electricity grid and the increase in the loans available to priority projects (which include those related to renewable energies). An economic and social plan that gives full backing to growth in the industry in the coming years, in a region that accounted for 23% of the installations in 2008 (source: GWEC).

2008 Results:

Ongoing transformation based on a sole objective, creating value

2008 witnessed the culmination of the process of transforming Gamesa, from an operational standpoint for the Wind Turbine Generator Manufacture unit, and strategic for the Wind Farm Development and Sale units, and the Solar unit.

Gamesa began 2008 with three business units:

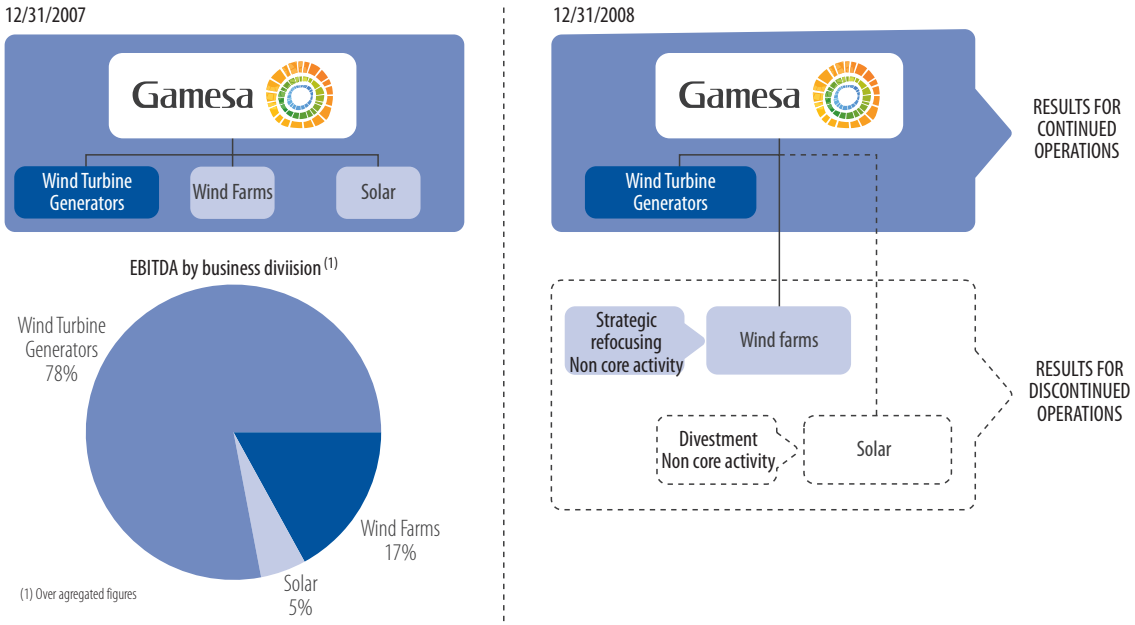
- Wind turbine generator design and manufacture, 78% of Group EBITDA in 2007,
- Wind farm development and sale, accounting for 17% of EBITDA,
- and component manufacture and solar farm development, with 5%

With the objective of focusing on sustainable and profitable growth activities in which the Company has a technological competitive advantage, on 28 February Gamesa announced the sale of its Solar division for EUR 261 million enterprise value. The transaction was effectively closed on 23 April, with the same terms and conditions under which it was announced.

Also, on 13 June Gamesa entered into an agreement with one of its key strategic customers, Iberdrola Renovables, to create a market leader in jointly developing and operating wind farms in Spain and on Continental Europe.

Thus, the Company concluded the strategic reorientation towards Wind Energy and focused on the link in the value chain where it holds the greatest competitive advantage which represents its growth sector, namely, the Wind Turbine Generator Design and Manufacture business. It is in this sector that Gamesa is positioned among the three leading companies worldwide.

This strategic reorientation has signified a change in the profile of the consolidated Group.



Wind Turbine Generators Unit: Consolidating the bases for Future Growth

In 2008, Gamesa concluded the process of operational transformation of its Wind Turbine Generator unit, which has enabled it to lay the foundations for the new management horizon.

The key factors of the period may be summarised as follows:

- Growing and sustained worldwide demand. 2008 was a record year for installations worldwide reaching 27,056 MW, up 35% on 2007, with notable growth in countries such as the US, with 8,358 MW installed (59%) and China, with 6,300 MW installed (+91%) (source: GWEC).
- Signing of the 4,500 MW supply Framework Agreement with Iberdrola Renovables, the largest purchase and sale of wind turbine generators in the history of the wind energy industry, which boosts the degree of visibility of portfolio of MW committed with customers for the coming years (2009-2012) to 11,700 MW.
- Fully operative business model at global level, which has led to reductions in response times to demand and suitable management of the supply chain, thereby overcoming the bottlenecks that occurred in 2008. Also, the make-to-order manufacturing business model, with a production system in line with the entrance of customer orders, and the introduction of synchronised component production (Synchronous Manufacturing System) led to all-time high production and delivery figures to respond to industry growth in 2008.
- Historical peak in raw material costs. Raw material prices peaked in the third quarter of 2008. The production cycle time, which stands at 4 to 6 months, signified that 4th-quarter margins were affected by these cost hikes. Even so, the EBITDA margin achieved the level of 16.4% in the fourth quarter of 2008.
- Changing industry conditions and fourth quarter trends, caused by the bankruptcy of top US banks in October which triggered the worldwide credit crunch. This new backdrop brought into question the levels of growth and investment in the wind energy industry, after a three-year cycle of strongly growing demand.
- Reduction of the business in the Spanish market, after 2007, which was a year in which the installations made in the Spanish wind energy industry amounted to more than 3,500 MW, 2008 has given rise to figures that point to a reduction in annual activity of at least 50% (1,609 MW) although still in line with the level of installations in 2006. Despite this scenario, in 2008 Spain continued to be a significantly high-volume market (the fourth largest market in the world in installation terms).

Surpassing the objective of 3,600 MWe sold, with improvements in the customer delivery cycle.

Gamesa closed 2008 with 3,684 MWe of wind turbine generators sold, above the 3,600 MWe objective set in the 2006-2008 Business Plan, and 12% above the level attained in 2007 (3,289 MWe).

In 2008 Gamesa also increased the reliability of meeting delivery deadlines to the customer, due to increased component-supply synchronisation and a reduced cycle time, which enabled it to significantly increase the number of MWe to achieve the ex works milestone.

Furthermore, in 2008 Gamesa achieved a record in MW delivered to wind farms, deliveries amounting to 3,303 MW, up 13% on 2007.

These two effects made it possible to reduce the stock of MW of finished goods unbilled to the customer by 488 MWe, and to increase working capital as a percentage of sales at year-end to 5% (as compared with 7% in 2007), thereby meeting the cash generation growth objective.

The breakdown of the activity in 2008 is as follows:

(MW)	2007	2008	% change	Status
MW Delivered to the Customers	2,919	3,303	+13%	Transfer of ownership to the customer at wind farm or ex works; billed
+ Variation in MWe Ex Works Available	+485	+869	79%	Change in WTG stock available for delivery to the customer; billed EXW
+ Variation in MWe Work in Progress	-115	-488	-	Change in WTG stock unavailable for delivery to the customer; unbilled
MWe sold	3,289	3,684	+12%	

Also, the geographical breakdown of sales in 2008 shows a higher degree of internationalisation, with sales outside Spain representing 61% of the total:

Geographical breakdown of MWe	% 2008
Espain	39%
EEUU	21%
China	13%
Rest of Europe	17%
Rest of World	10%

Of particular note was the increase in the relative weight of the Rest of Europe and the Rest of the World in wind turbine generator sales, representing 17% and 10%, respectively, as compared with 15% and 5% in 2007.

As regards the product mix, the 2 MW segment continued to represent more than two thirds of MWe sold, while the 0.85 MW turbine represented the remaining third.

The commencement of the contribution of MADE products to total Group sales should be noted, with two agreements announced in the second half of the year in Venezuela for 100 MW and in Tunisia for 120 MW.

2008 Results: Growth with cash generation

2008 earnings show record figures in the Wind Turbine Generator unit, which is a reflection of the sustainability of growth, a progressive recovery of the EBITDA margin, and suitable working capital management, the latter achieving historical minimum levels.

These results confirm the meeting of the challenge to grow while generating cash and the positive headway made by the unit.

(MM EUR)	2007	2008	% Var.
Sales	2,800	3,499	+25%
EBITDA	393	531	+35%
EBITDA / Sales (%)	14.0%	15.2%	
EBIT	178	243	+37%
EBIT / Sales (%)	6.3%	6.9%	
WC/Ventas	7%	5%	-2pp
Capex	120	156	+30%

Note: data presented in accordance with IFRSs

Sales in 2008 increased by 25% with respect to 2007, as a consequence of the 12% increase in the volume of MWe sold and the price rise that arose in the fourth quarter of the year with respect to 2007. This price rise came about as a result of the indexing of wind turbine generator prices to raw materials, the geographical mix and the effect of the exchange rate (China).

Mention should be made of the increase in the EBITDA margins achieved in the fourth quarter of 2008, which amounted to 16.4% during the last three months of the year, tied to the greater volume sold, enhanced productivity and the increase in prices as a result of the indexation, which partially offset the impact on raw material consumption costs during the high price cycle and the decreased volume of MWe reflected by sales due to the significant reduction in stock of unbilled finished goods.

Gamesa's warranty period is established at two years and the costs associated therewith represent between 3.5% (in Spain) and 4.5% (abroad) of the unit's sales, depending on the market in which the turbines are to be sold. In addition, in the fourth quarter Gamesa recognised certain non-recurring provisions equating to 1% of annual sales, associated mainly with the launch of the G90 wind turbine generator in the US and the concomitant industrial reorganisation of the supply base, which placed EBIT for the year at 7%.

Also, Gamesa managed to maintain working capital as a percentage of sales below 10% for the second successive year. The consolidation of the commercial conditions relating to sales (collection milestones) and the significant improvement in the customer delivery cycle that enables EXW billing (80% stock of billed finished goods) made it possible to improve the collection cycle and reduce the level of working capital as a percentage of the unit's sales to 5% (2 percentage points below the percentage achieved in 2007). In addition, work in progress (or stage-of-completion) stock was reduced by -488 MWe (elimination of unbilled stock).

Once again, in 2008, Gamesa achieved record manufacturing figures with 12% growth in in-house production of nacelles and 25% in blades. These levels were achieved with a volume of investment in property, plant and equipment and intangible assets amounting to EUR 156 million, as compared with EUR 120 million in 2007.

These results enabled Gamesa to close 2008 with EBITDA growth of 35% while achieving cash flows from operating activities of EUR +234 million, 2008 being the third consecutive year in which the Wind Turbine Generator unit demonstrated its growth capacity while generating cash.

Wind farms: Value Creation Plan

On 13 June Gamesa announced its new strategy to create value at the Wind Farm unit.

On the one hand, the assets associated with the Continental Europe region will be integrated in the two vehicle companies receiving contributions (joint ventures) created in conjunction with Iberdrola Renovables, one for the Spanish business and the other for the business of the Rest of Continental Europe. The joint ventures will develop and operate the projects brought into service from the beginning of 2008. A cross option structure will also be established that will allow the interest in the companies to be monetised from 2011 onwards.

On the other, Gamesa also announced the preparation of the value proposal for its US wind farm business, with the objective of transferring the European model to this market.

The two strategies are the result of the decision to centre the Company's endeavours on a core business line of wind turbine generator design and manufacture, and implement a plan to monetise the Wind Farm unit.

In the fourth quarter of 2008, progress was made in completing the strategic agreement in Continental Europe, the Anti-Trust approval being obtained in the first week of December.

The recognition of the gains of the development businesses in the UK and Latin America is subject to the completion of the transaction.

The new strategy announced for the Wind Farm unit suspended the signing of new sales commitments at this business unit from 13 July onwards. Therefore, in the second half of 2008 the development of wind farms continued to advance although the associated value has not been recognised for accounting purposes.

The results of the Wind Farm division in 2008 reflect the focus on the development of the current portfolio that increases the value of the work in progress (or stage-of-completion) wind farm stock, with no new sales agreements for Continental Europe having been entered into since June.

(EUR million)	2007	2008	% change.
EBITDA	88	38	-57%
EBIT	92	28	-72%
WC/Sales	90%	160%	+70pp

Note: data presented in accordance with IFRS.

The performance of the business activity is characterised by the significant improvements in the technical indicators, focused on the final phases of development. Thus, in 2008 the commencement of wind farm construction increased by +30% in comparison with 2007.

Consolidated results

Set out below are the main financial aggregates of the consolidated Group. Since the announcement of the Wind Farm unit value creation plan in June 2008, Gamesa has changed the profile of the consolidated Group, which shows the results obtained by the Company by focusing on the areas with the a profile of increased growth and profitability.

(EUR million)	2007	2008	% change.
Sales	2,877	3,651	+27%
EBITDA	353	495	+40%
EBITDA / Sales (%)	12%	14%	
EBIT	133	208	+56%
EBIT / Sales (%)	5%	6%	
Net profit	122	155	+27%
Net profit/Sales (%)	4%	4%	
Net profit	220	320	+45%
(inc. disc.operations) Net profit/Sales (%)	8%	9%	
DFN	27	-140	Caja
DFN / EBITDA	0.1x	-0.3x	

Note: data presented in accordance with IFRSs

APPENDIX

In 2008 the sustained growth in the Wind Turbine Generator Manufacture unit offset the lower contribution made by the Wind Farm Development and Sale unit, arising from the announcement of the new medium-term value proposal for this unit in June .

(EUR million)	2007	2008	% change.
Sales	3,070	3,834	+25%
EBITDA	442	530	+20%
EBIT	225	233	+ 4%
Net profit (1)	220	320	+45%
NFD	192	74	-62%
NFD/EBITDA	0.4x	0.1x	-0.3x

Note: for the purpose of comparison with data published in previous quarters in 2008, and awaiting the completion of the wind farm transaction in Europe , pro forma figures for 2007 and 2008 are presented with the contribution of the continuing operations of the wind farm business and the contribution of the discontinued operations of Solar (operating in 2007 and a gain in 2008).

(1) Including discontinued operations

2. Outlook

The fulfilment of the 2006-2008 Business Plan makes it possible to begin 2009 with a focus on the consolidation of the main strategic objectives of the wind turbine generator manufacture and sale business.

Furthermore, GAMESA will centre efforts on integrating European wind farm development through the joint ventures created with Iberdrola Renovables, S.A. and the transfer of this model to US wind farms.

3. Main business risks

The Gamesa Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. The Gamesa 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 fluctuations in exchanges rates inherent in Gamesa's transactions corresponds to purchases and sales of products and services in the various business lines in different currencies.

In order to counter this risk, Gamesa arranges hedging instruments with financial institutions.

4. Use of financial instruments

The Gamesa Group uses hedging instruments to mitigate foreign currency and interest rate risks, volatility in raw materials prices, and risks associated with share price volatilities that could affect the estimated results of the Company based on estimates of expected transactions in the various lines of business.

5. Events after the balance sheet date

See Notes 3-d and 8 to the consolidated financial statements and Note 17 to the individual financial statements.

6. Research and development activities

Technological development is set within a multi-year framework deployed through an annual Technological Development Plan, in which the activities and deliverables that it is intended to attain in each year in question are established and to which ultimately a budget is assigned.

In 2008 the main addition to "Intangible Assets - Research and Development Expenditure" related to the development at Gamesa Investigation and Technology, S.A. of new wind turbine generator models and to the optimisation of the performance of its various components amounting to approximately EUR 30,536 thousand (2007: approximately EUR 30,906 thousand).

7. Treasury share transactions

At 31 December 2008, Gamesa held a total of 2,804,498 treasury shares, representing 1.15% of share capital.

The total accost of the treasury shares amounted to EUR 30,825 thousand, at a unit cost of EUR 10.99 per share.

For a more detailed explanation see Note 18 to the consolidated financial statements (see Note 11 to the individual financial statements).

8. Capital Structure

Per public information held by GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the shareholder structure of GAMESA at 31 December 2008 was as follows:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total
IBERDROLA, S.A.	58,276,348	0	23.952
LOLLAND, S.A.	0	12,164,995	5.000
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED (1)	0	8,188,269	3.366
MARSICO CAPITAL MANAGEMENT, LLC (2)	0	7,549,862	3.103
BARCLAYS BANK PLC (3)	0	7,327,765	3.012

(*) A través de:

Name of the holder of the direct ownership interest	Number of direct voting rights	% of total voting rights
Casa Grande de Cartagena, S.L.	12,164,995	5.000
Blackrock Global Funds	7,370,487	3.029
Barclays Global Investors NA	4,666,492	1.918
Barclays Global Investors LTD	1,503,593	0.618
Barclays Global Investors (Deutschland) AG	104,619	0.043
Barclays Global Fund Advisors	1,053,489	0.433

(1) With respect to the significant ownership interest of BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED, not all the direct holders of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. appear, since the company did not communicate, pursuant to Article 34 of Royal Decree 1362/2007, the identity of the direct holders of 0.337% of the total voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(2) With respect to the significant ownership interest of MARSICO CAPITAL MANAGEMENT, LLC, not all the direct holders of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. appear, since the company did not communicate the identity thereof pursuant to Article 34 of Royal Decree 1362/2007, since it declared that none of its clients held 3% or more of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(3) With respect to the number of direct voting rights stated corresponding to Barclays Global Investors NA, Barclays Global Investors LTD, Barclays Global Investors (Deutschland) AG and Barclays Global Fund Advisors, as a result of the lack of official numbers in the registers of the Spanish National Securities Market Commission and in the registers of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the aforementioned number was calculated on the basis of the rounded off percentage of voting rights that appear in the notification issued by Barclays Bank PLC to the Spanish National Securities Market Commission, with registry entry date of 26 November 2008.

9. Restrictions on the transferability of the shares

There are no restrictions on the transferability of shares.

10. Significant direct and indirect ownership interests

See Point 6.

11. Restrictions on voting rights

There are no restrictions on the exercise of voting rights.

The shareholders at the Annual General Meeting of 25 May 2007 resolved to amend Article 13 of the bylaws and Article 11 of the regulations of the Annual General Meeting, thereby reducing from three hundred to one the number of shares that confer the rights to attend and to vote at the Annual General Meetings.

12. Side agreements

There are no side agreements

13. Rules applicable to the appointment and replacement of the members of the Board of Directors and to the amendment of the bylaws

Rules applicable to the appointment and replacement of the members of the Board of Directors

Appointment

Per Article 17 of the bylaws of Gamesa Corporación Tecnológica, S.A. and Article 18 of the regulations of the Board of Directors, the members of the latter are designated by the shareholders at the Annual General Meeting with the proviso that "if any vacancies arise during the term for which the Directors were appointed, the Board may designate the persons to occupy such vacancies from among the shareholders until such time as the next General Meeting may be convened" in conformity with the provisions laid down in the Spanish Companies Law and the Company bylaws.

In accordance with Article 18.2 of the regulations of the Board of Directors "Proposals for the appointment of directors submitted by the Board of Directors for consideration by the shareholders at the Annual General Meeting and the appointment decisions adopted by this body by virtue of its powers of co-optation attributed to it by law must be preceded by the related proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of this Committee, in the case of the other directors". The Board of Directors, according to Article 18.2 of its regulations, may fail to heed the proposal or report of the Appointments and Remuneration Committee and in such event it must give the reasons for which it has taken that course of action and record such reasons in the minutes.

Article 19 of the regulations adds "The Board of Directors and the Appointments and Remuneration Committee, shall endeavour to ensure that the elected candidates are persons of renowned integrity, solvency, competence and experience and it must be especially thorough in relation to persons proposed as independent Board members.

In the case of a director (legal entity), the conditions of integrity, solvency, competence and experience indicated in the preceding paragraph will also be claimable for the natural person representing the director. The duties of the director as established in the Board of Directors' Regulations will also be claimable for the representative on a persona basisl".

Re-election

As regards the re-election of directors, Article 20 of the regulations of the Board of Directors establishes that "The proposals for the re-election of directors which the Board of Directors decides to submit to the shareholders at the Annual General Meeting shall be subject to a formal assessment process, which will necessarily include a proposal or report issued by the Appointments and Remuneration Committee".

Removal

The removal of directors is regulated by Article 22 of the regulations of the Board of Directors which states "Board members shall be removed from their positions when the period for which they were appointed has expired, without prejudice to the possibility of re-election, and when so decided by the share holder at the Annual General Meeting. Also, the Board of Directors may propose the removal of a director to the shareholders at the Annual General Meeting".

The procedures and criteria to be followed in the case of removal shall be as established in the Spanish Companies Law and the regulations of the Mercantile Registry.

As established in Article 22.2 of the regulations of the Board of Directors "the directors must tender their resignation to the Board of Directors and resign if the latter, based on a report by the Appointments and Remuneration Committee, deems it appropriate, in the following cases:

a) In the case of nominee directors, where these or the shareholder they represent may cease to hold a significant, stable interest in the Company, or where the shareholder may revoke the representation.

b) In the case of executive directors, provided that the Board sees fit.

c) In the case of non-executive directors, where these may be appointed to executive office in the Company or in any of the Group companies.

d) In the case of independent directors, where, for any reason, they meet any of the conditions enumerated in Article 7.1 of these regulations, which are incompatibility with the office of independent director.

e) When they become subject to any incompatibility or prohibition provided for by law, the bylaws or this regulation.

f) When they are prosecuted for a purportedly criminal action or have a court order issued against them initiating trial proceedings for any of the crimes set out in Article 124 of the Spanish Companies Law or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct.

g) When they reach the age of 70. The Chairman, the Deputy Chairmen, the CEOs, the Secretary and Deputy Secretary of the Board shall cease to hold office at 65 years of age, although they may continue to be directors. Directors shall leave office at the first meeting of the Board of Directors to take place after the Annual General Meeting at which the shareholders approve the financial statements for the year in which the Director in question reaches the aforementioned age.

h) When they cease to occupy the executive positions associated with their appointment as directors.

i) When they have been seriously reprimanded by the Audit and Compliance Committee or have been seriously penalised by any public authority for having infringed their duties as directors.

j) When their remaining on the Board of Directors could put the Company's interests at risk or when the reasons for which they were appointed no longer exist.

Rules applicable to the amendment of the Company's bylaws

The amendment of the bylaws of Gamesa Corporación Tecnológica, S.A. is governed by the provisions of Article 144 of the Spanish Companies Law and shall not require any qualified majority other than that established in Article 103 of the aforementioned law.

Article 6 of the regulations of the Annual General Meeting expressly includes the amendment of the bylaws to be a competence of this body.

14. Powers ofthe members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares

Powers of the members of the Board of Directors

In its meeting of 25 May 2007, the Board of Directors of Gamesa Corporación Tecnológica, S.A. unanimously resolved, following a favourable report by the Appointments and Remuneration Committee, to appoint, for a term of six years, the Chairman of the Board of Directors, Guillermo Ulacia Arnaiz, as the Chief Executive Officer of the Company, and to delegate to him all of the powers corresponding to the Board of Directors in accordance with the Law and the bylaws, except those that may not be delegated. This appointment was accepted by Mr. Ulacia at the same meeting.

Powers relating to the possibility of issuing or repurchasing new shares

At the date of approval of this report, the authorisation given by the shareholders at the Annual General Meeting of the Company held on 30 May 2008 by virtue of which the Board of Directors is empowered to acquire treasury shares remains in effect. The literal wording of the resolution adopted by shareholders at the aforementioned General Meeting on point six of the Agenda is transcribed below:

"To expressly authorise the Board of Directors, in accordance with Article 75 of the Spanish Companies Law, to derivatively acquire shares of Gamesa Corporación Tecnológica, S.A. under the following conditions:

a.- The acquisitions may be made either directly by Gamesa Corporación Tecnológica, S.A. or indirectly through its subsidiaries.

b.- The acquisitions of shares, which must be fully paid and clear of encumbrances and/or liens shall be made through purchase and sale transactions, swaps or in any other method as permitted by Law.

c.- The acquisitions may be made at any time up to the maximum amount permitted by Law, such that treasury shares, including those already held by the Company, do not exceed 5% of share capital.

d.- The minimum price for the shares shall be their par value and the maximum price may not exceed the quoted price at the date of acquisition by more than 5%.

e.- A restricted reserve may be recorded on the liability side of the Company's balance sheet equal to the amount of the treasury shares included as assets. This reserve shall be maintained until such time as the shares may be disposed of or redeemed.

f.- The shares acquired may subsequently be disposed of under the terms and conditions freely established.

g.- This authorisation is granted for a maximum period of 18 months, and it expressly renders null and void the authorisation granted by the shareholders at Annual General Meeting of the Company held on 25 May 2007 with regard to the unused portion of the same.

For the purposes of paragraph 2, section 1 of Article 75 of the Spanish Companies Law, the shareholders at the General Meeting hereby expressly authorise the acquisition of shares of the Company by any of the subsidiaries under the terms and conditions established herein.

Lastly, pursuant to the last paragraph, section 1 of Article 75 of the Spanish Companies Law (as worded in Law 55/1999, of 29 December), it is hereby established that the shares acquired by virtue of this authorisation may be used by the Company, inter alia, for the delivery thereof to the employees or directors of the Company either directly or as a consequence of the exercise of the rights, whether options or any others included in Incentive Plans, of which the former may be the holders and/or beneficiaries, pursuant to the Law, Company bylaws or regulations."

15. Significant agreements which may be amended or terminated in the event of a change of control

The 2005 share option plan, approved by the Shareholders at the Annual General Meeting of 28 May 2004, should be mentioned.

16. Agreements between the Company, management, drectors or employees who foresee indemnity payments on termination of their relationship with the Company as a result of a takeover bid

The Chief Executive Officer and certain members of the Company's management team are contractually entitled to receive financial compensation in the event of the termination of their contract on grounds attributable to the Company, and in certain cases due to the occurrence of objective circumstances, such as a change of control. The financial compensation agreed in relation to such termination consists, in general terms, of the payment of fixed and variable remuneration corresponding to different periods depending on personal and professional circumstances , and the time at which the contract was signed.

In general, the employment contracts of non-executive employees do not contemplate financial compensation in the event of termination other than as established in current legislation

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

Auditors' Report

Consolidated financial statements for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 37). In the event of a discrepancy, the Spanish-language version prevails.

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INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS

A los Accionistas de
Gamesa Corporación Tecnológica, S.A.:

1. Hemos auditado las cuentas anuales consolidadas de Gamesa Corporación Tecnológica, S.A. y Sociedades Dependientes que conjuntamente forman el GRUPO GAMESA (Notas 1 y 2), que comprenden el balance de situación consolidado al 31 de diciembre de 2008, la cuenta de pérdidas y ganancias consolidada, el estado de flujos de efectivo consolidado, el estado de cambios en el patrimonio neto consolidado y la memoria de las cuentas anuales consolidadas correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad de los Administradores de la Sociedad dominante. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales consolidadas en su conjunto, basada en el trabajo realizado de acuerdo con las normas de auditoría generalmente aceptadas en España, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales consolidadas y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas. Nuestro trabajo no incluyó el examen de las cuentas anuales del ejercicio 2008 de determinadas sociedades dependientes (véase Anexo), cuyos activos, reservas, resultados netos y cifra neta de negocios representan respectivamente un 7%, un 5%, un 13% y un 2% de las correspondientes cifras consolidadas. Las mencionadas cuentas anuales han sido examinadas por otros auditores y nuestra opinión expresada en este informe sobre las cuentas anuales consolidadas del GRUPO GAMESA se basa, en lo relativo a las citadas sociedades, únicamente en los respectivos informes de los otros auditores.

2. De acuerdo con la legislación mercantil, los Administradores de la Sociedad dominante presentan, a efectos comparativos, con cada una de las partidas del balance de situación, de la cuenta de pérdidas y ganancias, del estado de flujos de efectivo, del estado de cambios en el patrimonio neto y de la memoria de las cuentas anuales, además de las cifras consolidadas del ejercicio 2008, las correspondientes al ejercicio anterior. Nuestra opinión se refiere exclusivamente a las cuentas anuales consolidadas del ejercicio 2008. Con fecha 21 de abril de 2008, emitimos nuestro informe de auditoría acerca de las cuentas anuales consolidadas del ejercicio 2007, en el que expresamos una opinión favorable.

3. En nuestra opinión, basada en nuestra auditoría y en los informes de otros auditores, las cuentas anuales consolidadas del ejercicio 2008 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio consolidado y de la situación financiera consolidada de Gamesa Corporación Tecnológica, S.A. y Sociedades Dependientes que conjuntamente forman el GRUPO GAMESA al 31 de diciembre de 2008 y de los resultados consolidados de sus operaciones, de los cambios en el patrimonio neto consolidado y de los flujos de efectivo consolidados correspondientes al ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y comprensión adecuada, de conformidad con las Normas Internacionales de Información Financiera adoptadas por la Unión Europea, que guardan uniformidad con las aplicadas en el ejercicio anterior.

4. El informe de gestión consolidado adjunto del ejercicio 2008 contiene las explicaciones que los Administradores de la Sociedad dominante consideran oportunas sobre la situación del Grupo, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales consolidadas. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales consolidadas del ejercicio 2008. Nuestro trabajo como auditores se limita a la verificación del informe de gestión consolidado con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de las sociedades consolidadas.

DELOITTE, S.L.
Inscrita en el R.O.A.C. Nº S0692

Alberto Uribe-Echevarría Abascal
26 de febrero de 2009

INSTITUTO CENSORES JURADOS DE CUENTAS DE ESPAÑA

Miembro ejerciente
DELOITTE, S.L.

Año 2009 Nº 03/09/02476
IMPORTE COLEGIAL: 80,00 EUR

Este informe está sujeto a la tasa aplicable establecida en la Ley 44/2002 de 22 de noviembre.

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

BALANCE SHEET AT 31 DECEMBER 2008 AND 31 DECEMBER 2007 (Notes 1 to 6)

(Thousands of Euros)

ASSETS	Notes	12.31.2008	12.31.2007
NON-CURRENT ASSETS:			
Intangible assets -			
Goodwill	9	311,384	387,258
Other intangible assets	10	136,089	132,090
		447,473	519,348
Property, plant and equipment -	11		
Property, plant and equipment in use		305,239	267,991
Property, plant and equipment in the course of construction		25,980	10,690
		331,219	278,681
Investments accounted for using the equity method	12	50,107	48,498
Non-current financial assets -			
Derivative financial instruments	21	-	7,750
Investment securities	13	143	3,594
Other non-current financial assets	13	65,183	8,228
		65,326	19,572
Deferred tax assets	25	157,214	111,193
Total non-current assets		1,051,339	977,292
CURRENT ASSETS:			253,676
Inventories	14	828,322	702,286
Trade and other receivables	15	1,196,265	1,552,792
Trade receivables from related companies	32	181,445	257,714
Tax receivables	26	33,231	72,019
Other receivables		79,108	124,500
Current financial assets -			
Derivative financial instruments	21	5,587	26,091
Other current financial assets	20	68,533	24,286
Other current financial assets from related companies		800	95
		74,920	50,472
Cash and cash equivalents	16	529,536	627,680
Total current assets		2,922,827	3,387,463
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	8	89,239	-
CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	8	711,906	-
TOTAL ASSETS		4,775,311	4,364,755

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2008.

EQUITY AND LIABILITIES	Notes	12.31.2008	12.31.2007(*)
EQUITY::			
Of the Parent -	18		
Share capital		41,361	41,361
Share premium		155,279	155,279
Other reserves		1,026,248	857,177
Unrealised asset and liability revaluation reserve		(13,157)	7,896
Translation differences		2,467	(2,745)
Treasury shares		(30,825)	(22,639)
Net profit for the year		320,224	220,050
		1,501,597	1,256,379
Of minority interests	24	6,513	2,338
Total equity		1,508,110	1,258,717
NON-CURRENT LIABILITIES:			
Deferred income		-	32
Provisions for contingencies and charges	22	253,113	203,233
Bank borrowings	19	255,005	548,632
Other non-current liabilities	23	56,452	55,231
Deferred tax liabilities	25	56,967	51,105
Derivative financial instruments	21	4,155	-
Total non-current liabilities		625,692	858,233
CURRENT LIABILITIES:			
Bank borrowings and other financial liabilities -			
Bank borrowings	19	210,603	284,463
Derivative financial instruments	21	20,990	7,107
		231,593	291,570
Trade and other payables		1,576,017	1,739,796
Trade payables to related companies	32	472,691	91,208
Other payables -			
Tax payables	26	72,827	94,864
Other current liabilities		25,518	30,367
		98,345	125,231
Total current liabilities		2,378,646	2,247,805
NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8	150,004	-
CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8	112,859	-
TOTAL PASIVO Y PATRIMONIO NETO		4,775,311	4,364,755

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2008.

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

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (Notes 1 to 6)
(Thousands of Euros)

	Note	(Debit) Credit	
		2008	2007 (*)
Continuing operations:			
Revenue	29.a	3,646,175	2,867,041
+/- Changes in inventories of finished goods and work in progress		187,900	154,682
Procurements	29.b	(2.807,758)	(2,276,335)
Other operating income	29.a	67,120	58,722
Staff costs	29.c	(266,830)	(214.172)
Other operating expenses	29.d	(331,243)	(236,686)
Depreciation and amortisation charge and provisions	29.e	(287,755)	(220,602)
PROFIT FROM OPERATIONS		207,609	132,650
Finance income	29.f	30,261	10,488
Finance costs	29.g	(71,461)	(62,055)
Exchange differences (gains and losses)		(6,175)	(14,899)
Gains (Losses) on disposal of non-current assets	11	(2,745)	29,484
Result of companies accounted for using the equity method	12	1,651	1,166
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		159,140	96,834
Income tax on profit from continuing operations	27	(2,201)	25,478
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		156,939	122,312
Discontinued operations:			
Profit for the year from discontinued operations (Note 2-e)	8	165,228	100,661
PROFIT FOR THE YEAR		322,167	222,973
Attributable to:			
Shareholders of the Parent		320,224	220,050
Minority interests	24	1,943	2,923
Earnings per share (in euros)	35		
From continuing operations		0.6490	0.5027
From continuing and discontinued operations		1.3242	0.9044

(*)Presented for comparison purposes only.

The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated income statement for 2008.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (Notes 1 to 6)

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (Thousands of Euros)

	Notes to de financial statements	2008	2007 (*)
CONSOLIDATED PROFIT FOR THE YEAR (I)		322,167	222,973
Income and expenses recognised directly in equity			
- Arising from cash flow hedges	18.c	(11,711)	7,642
- Translation differences		5,212	(675)
- Other income and expenses recognised directly in equity		4,703	(95)
- Tax effect	18.c	1,007	(1,631)
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		(789)	5,241
Transfers to profit or loss			
- Arising from cash flow hedges	18.c	(14,618)	(7,827)
- Tax effect	18.c	4,269	2,348
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		(10,349)	(5,479)
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		311,029	222,735
a) Attributable to the Parent		309,086	219,812
b) Attributable to minority interests	24	1,943	2,923

B) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Thousands of Euros)

				Restricted reserves									
	Share capital	Share premium	Unrealised asset and liability revaluation reserve	legal reserve	Revaluation reserve	Reserve for redeno-minatión of capital in euros	Reserve for treasury shares	treasury shares	Other reserves	Translation differences	Net profit for the year	Minority interests	Total equity
Balances at 1 January 2007 (*)	41,361	155,279	7,364	8,272	1,139	1	24,374	(24,374)	560,643	(2,070)	312,748	718	1,085,455
Total recognised income and expenses for 2007	—	—	532	—	—	—	—	—	(95)	(675)	220,050	2,923	222,735
Distribution of 2006 profit:													
Other reserves	—	—	—	—	—	—	—	—	262,843	—	(262,843)	—	—
Dividend with a charge to reserves	—	—	—	—	—	—	—	—	—	—	(49,905)	—	(49,905)
Treasury shares	—	—	—	—	—	—	(1,735)	1,735	1,735	—	—	—	1,735
Translation differences	—	—	—	—	—	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	—	—	—	—	(1,303)	(1,303)
Balances at 31 december 2007 (*)	41,361	155,279	7,896	8,272	1,139	1	22,639	(22,639)	825,126	(2,745)	220,050	2,338	1,258,717
Total recognised income and expenses for 2008	—	—	(21,053)	—	—	—	—	—	4,703	5,212	320,224	1,943	311,029
Distribution of 2007 profit:													
Other reserves	—	—	—	—	—	—	—	—	164,368	—	(164,368)	—	—
Dividend with a charge to profit for 2007	—	—	—	—	—	—	—	—	—	—	(55,682)	—	(55,682)
Treasury share transactions (Notes 3-ñ and 18-d)	—	—	—	—	—	—	8,186	(8,186)	(8,186)	—	—	—	(8,186)
Other changes in minority interests (Note 24)	—	—	—	—	—	—	—	—	—	—	—	2,232	2,232
Balance at 31 december 2008	41,361	155,279	(13,157)	8,272	1,139	1	30,825	(30,825)	986,011	2,467	320,224	6,513	1,508,110

(*) The changes in 2007 are presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated statement of changes in equity for 2008.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONSFOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007 (Notes 1 to 6)

(Thousands of Euros)

	2008	'2007(*)
CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS		
Cash flows from operating activities:		
Profit before tax from continuing operations	159,140	96,834
Adjustments for-		
Depreciation and amortisation charge and provisions (Notes 10, 11, 20 and 29-e)	287,755	220,602
Finance income and costs	36,722	65,300
Gains (Losses) on disposal of non-current assets	2,745	(29,484)
Deferred income	(32)	(166)
Changes in working capital:		
Change in trade and other receivables	233,723	58,827
Change in inventories	(253,567)	(86,843)
Change in trade and other payables	108,619	399,623
Effect on working capital of changes in consolidation method and/or scope	-	(7,601)
Effect of translation differences on working capital of foreign companies	229	(1,396)
Change in trade receivables and other non-current payables	41,086	(51,809)
Provisions paid	(127,759)	(51,847)
Income taxes paid	(18,849)	(11,350)
Interest received	25,481	10,300
Net cash flows from operating activities (I)	495,293	610,990
Cash flows from investing activities:		
Investments in intangible assets (Note 10)	(39,476)	(37,560)
Investments in property, plant and equipment (Note 11)	(118,355)	(55,807)
Investments in non-current financial assets (Note 13)	550	(2,920)
Changes in working capital due to current financial assets	(45,119)	2,212
Acquisition of treasury shares	(17,553)	-
Proceeds from disposal of non-financial and financial assets	13,026	8,515
Proceeds from disposal of subsidiaries	117,186	-
Net cash flows from investing activities (II)	(89.741)	(85.560)
Net cash flows from investing activities (II)	(89,741)	(85.560)
Cash flows from financing activities:		
New bank borrowings	65,667	61,647
Dividends paid	(71,496)	(37,065)
Cash outflows relating to bank borrowings	(217,342)	(1,111)
Net cash flows from financing activities (III)	(278,853)	(26,434)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	5,470	(6,553)
Effect of scope changes and of transfers to assets classified as held for sale on cash and cash equivalents (V)	(230,313)	(215,008)
Net increase in cash and cash equivalents from continuing operations (I+II+III+IV)	(98,144)	277,435
Cash and cash equivalents from continuing operations at beginning of year	627,680	261,796
Total cash and cash equivalents from continuing operations at end of year	529,536	539,231

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated cash flow statement for 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 37). In the event of a discrepancy, the Spanish-language version prevails.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

1. Formation and description of the Group

Gamesa Corporación Tecnológica, S.A. ("GAMESA") was incorporated on 28 January 1976. Its registered office is currently located at Ramón y Cajal, 7-9, Vitoria (Álava).

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:

- Subscription of shares or other equity investments in unlisted companies engaging in business activities.
- Acquisition of the shares or other equity investments mentioned in the preceding point.
- Subscription of fixed-income securities issued by the companies in which it has ownership interests or the grant of participating and other loans to these companies for a term exceeding five years.
- 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.
- Grant of participating loans for the acquisition of newly-built vessels which are intended for commercial shipping or fishing and not for sports or recreational activities or other private use in general.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on either directly (totally or partially) by GAMESA, or through the ownership of shares or other equity investments in companies with an identical or a similar company object. The GAMESA Group may not engage in any activity for which legislation imposes specific conditions or limitations if it does not comply in full with these requirements.

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

In addition to the operations carried on directly by it, Gamesa Corporación Tecnológica, S.A. 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 individual financial statements, Gamesa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The GAMESA Group currently operates as a manufacturing group and principal supplier of leading-edge products, facilities and services in the renewable energy industry, structured in the following business units headed by the respective Group companies:

Company	Main line of business
Gamesa Eólica, S.L. Unipersonal	Manufacture of wind generators
Gamesa Energía, S.A. Unipersonal	Development, promotion and sale of wind farms

In 2008 the business relating to the manufacturing and sale of solar-power facilities was sold (see Note 8). Also, at 31 December 2008, the GAMESA Group presented the promotion, development and sale of wind farms business as a discontinued operation in its consolidated financial statements, by virtue of the strategic agreement with Iberdrola Renovables, S.A., as described in Note 8.

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 the Group's 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 2008 of the GAMESA Group have been prepared:

- By the directors of GAMESA, at the Board of Directors Meeting held on 25 February 2009.
- 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). Note 3 includes a summary of the principal accounting policies and measurement bases applied in preparing the GAMESA Group's consolidated financial statements for 2008.
- 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 2008, and the results of its operations, the changes in equity and the cash flows at the Group 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 2008 (IFRSs) could differ from those used by the Group companies (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.

The consolidated financial statements of the GAMESA Group for 2007 were approved by the shareholders at the Annual General Meeting of GAMESA on 30 May 2008. The Group's 2008 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)-

-Standards and interpretations in force in 2008

IFRIC 11, IFRS 2-Group and Treasury Share Transactions and the amendment to IAS 39/IFRS 7 -Reclassification of Financial Assets became effective for the first time in 2008. The adoption of these new interpretations and amendments did not have any effect on the GAMESA Group's consolidated financial statements.

Note 36 provides a detail of the most significant standards, amendments and interpretations published by the IASB (International Accounting Standard Board), which at 31 December 2008 had not yet come into force.

c) Functional currency-

These consolidated financial statements are presented in thousands of euros, since the euro is the currency used in the main economic area in which the GAMESA Group operates. Foreign operations are recognised in accordance with the policies established in Note 3-f.

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 2007-

As required by IAS 1, the information relating to 2007 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with similar information relating to 2008 and, accordingly, it does not constitute the GAMESA Group's statutory consolidated financial statements for 2007.

As required by IFRS 5, and with the objective of improving the comparability of 2008 and 2007, the structure of the accompanying consolidated income statement for 2007 has been adjusted and the effect of the companies classified as discontinued operations in 2008 has been included therein. Therefore, each item in the accompanying 2007 consolidated income statement relates to the item disclosed in the 2007 consolidated financial statements, increased or decreased by the amount contributed in 2007 by the companies classified in 2008 as discontinued operations (see Note 8).

f) Basis of consolidation-

The subsidiaries over which the GAMESA Group has the capacity to exercise control were fully consolidated.

The GAMESA Group considers that it has the capacity to exercise control over a subsidiary when it has sufficient power to govern its financial and operating policies so as to obtain benefits from its activities. Such control is presumed to exist when GAMESA owns, either directly or indirectly, more than 50% of the voting power of the investees.

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 20% or more 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.

A list of GAMESA's subsidiaries 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 subsidiaries were consolidated in accordance with the following basic principles:

- On acquisition of a subsidiary, its assets, liabilities and contingent liabilities are measured at their fair values. Any excess of the cost of acquisition of the subsidiary over the fair values of the aforementioned assets and liabilities relating to the Parent's ownership interest in the subsidiary is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the assets and liabilities is credited to the consolidated income statement.
- 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 at least once a year in order to ascertain whether any impairment loss should be recognised (see Note 9).
- Investments in the capital of companies other than subsidiaries in which investments of over 20% are owned are measured on the basis of the fraction of equity represented by these investments, after taking into account any dividends received therefrom and other equity eliminations (see Note 12).
- The value of the interest of minority shareholders in the equity and results of the fully consolidated subsidiaries is presented under "Equity - Of Minority Interests" in the consolidated balance sheet and "Profit or Loss for the Year - Attributable to: Minority Interests" in the consolidated income statement.
- The financial statements of foreign companies were translated to euros using the year-end exchange rate method. This method consists of translating to euros all the assets, rights and obligations at the exchange rates prevailing at the date of the consolidated financial statements, the consolidated income statement items at the average exchange rates for the year, and equity at the historical exchange rates at the date of acquisition (or in the case of retained earnings at the average exchange rates for the year in which they were generated), and the differences are recognised with a charge or a credit, as appropriate, to "Equity - Of the Parent - Translation Differences" in the consolidated balance sheet.
- The accompanying consolidated financial statements include certain adjustments to bring the accounting policies and procedures applied by the subsidiaries into line with those of GAMESA.
- All balances and transactions between fully or proportionately consolidated companies were eliminated on consolidation.
- The total amount of temporary differences associated with retained earnings of subsidiaries if no double taxation tax credits exist and for which the corresponding deferred tax liability was not recognised at 31 December 2008 and 2007 is not material.

g) Changes in the scope of consolidation-

The most significant inclusions in the scope of consolidation in 2008 and 2007 were as follows:

Incorporation of new companies

The detail of the main companies incorporated in 2008 is as follows:

Incorporated company	Incorporating company	Initial percentage of ownership
Gamesa Trading Company Co Ltd.	Gamesa Wind Tianjin Co Ltd.	100%
Gamesa Wind Turbines PTV, Lda	Gamesa Eólica, S.L. (*)	100%
Sistemas Energéticos Vento Artabro, S.A.	Gamesa Energía, S.A.	80%
Xenerazion Eólica de Galiza, S.A.	Gamesa Energía, S.A.	65%
Zuromin S.p.Z.o.o.	Gamesa Energía, S.A.	100%
Krzecin S.p.Z.o.o.	Gamesa Energía, S.A.	100%

(*)Gamesa Eólica, S.L. (Sole-Shareholder Company) holds a 99% ownership interest in this company, whereas Gamesa Corporación Tecnológica, S.A. holds the remaining 1%.

The detail of the main companies incorporated in 2007 is as follows:

Incorporated company	Incorporating company	Initial percentage of ownership
Windmill Towers, S.L.U. (Nota 12)	Gamesa Corporación. Tecnológica, S.A	100%
Compass Transworld Logistics, S.A.	Gamesa Corporación Tecnológica, S.A.	51%
Gamesa Japan Kabushiki Kaisha	Gamesa Energía, S.A.	100%
Gamesa Wind Poland Sp. Zoo	Gamesa Eólica, S.L.	99%
Gamesa Eólica México, SA de CV	Gamesa Eólica, S.L.	100%
Gamesa Eolica Greece E.P.E.	Gamesa Energía, S.A.	100%
North Allegheny Wind, LLC	Gamesa Energy USA, Inc.	100%
Barton Chapel Wind LLC	Gamesa Energy USA, Inc.	100%

Acquisition of new companies

In 2008 and 2007 the GAMESA Group did not make any significant acquisitions.

The assets and liabilities contributed by these companies are not material (see Notes 10 and 11), and at the date of their inclusion in the scope of consolidation their carrying amount coincided with their fair value.

Changes in the consolidation method and/or exclusions from the scope of consolidation

In 2008 the most significant exclusions from the scope of consolidation of the GAMESA Group are as follows (see Note 12):

Company	Percentage of direct and indirect ownership in 2007	Percentage of direct and indirect ownership in 2008
Gamesa Solar and subsidiaries	100%	100%
S.E. La Torrecilla, S.A.	100%	100%
S.E. De la Higuera, S.A.	100%	100%
S.E. La Linera, S.A.	100%	100%
S.E. Altamira, S.A.	100%	100%
Windfarm Eschweiler, GmbH	100%	100%
Windfarm Seehausen, GmbH	100%	100%
Windfarm Coswig, GmbH	100%	100%
Monroe Wind, LLC	100%	100%
White Wind Farm, LLC	100%	100%

In 2008 there were no changes in the consolidation method of the companies which form part of the GAMESA Group.

As a result of the disposal of the solar farm promotion, development and construction activities, Gamesa Solar, S.A. (Sole-Shareholder Company) and subsidiaries, and the subsidiaries of Gamesa Energía, S.A. (Sole-Shareholder Company), the company object of which was the promotion and development of solar farms were excluded from the scope of consolidation (see Note 8).

3. Accounting policies and measurement bases

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. 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-m) 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 corporation or limited liability company (see Appendix), the shares of which are fully consolidated in the accompanying consolidated financial statements. Wind turbine generating systems (WTGSs) constitute a wind farm's principal asset. As a general rule, a wind farm is effectively sold once it has entered into operation and has successfully completed the start-up period.

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

Dividend income from investments is recognised when the shareholder's rights 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 obligation for the buyer.
- The total contract revenue can be measured reasonably reliably.
- Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably.
- 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. The stage of completion of wind farm contracts is measured by reference to technical criteria in the case of wind farm development (location of sites, obtainment of permits and authorisation for the connection of the wind farm to the grid) and to economic criteria in the case of the construction of WGTSs.

In the case of the manufacture 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 for work performed to date bear to the estimated total contract costs.

The GAMESA Group recognises the total cost incurred in reaching 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. Also, the costs incurred in the manufacture of WGTSs are recognised with a charge to "Procurements" in the consolidated income statement, whereas those incurred in the construction of wind farms are recognised with a charge to "Changes in inventories of finished goods and work in progress" (see Note 17).

If the total estimated costs exceed the contract revenue, the related loss is recognised immediately in the consolidated income statement.

c) Goodwill-

Goodwill arising on consolidation represents the difference between the price paid in acquiring the fully consolidated subsidiaries and the portion corresponding to the Group's share of the market value of the items making up the net assets of those companies at the date of acquisition. Goodwill arising in the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

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 3-1).

d) Disposal groups, assets classified as held for sale and profit from 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 (see Note 8). Also, non-current assets are not depreciated while they are classified as held for sale.

Conversely, a discontinued operation is a business that has been sold or disposed of by any other means, or that has been classified as held for sale whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes

e) 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 price of exercising the purchase option, with a credit to "Bank Borrowings" in the consolidated balance sheet. These assets are depreciated using similar criteria to those applied to the assets owned by the GAMESA Group.

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

f) Foreign currency balances and transactions-

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

For all of the GAMESA Group's foreign subsidiaries 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 its corresponding income tax. Consequently, changes in exchange rates do not give rise to any temporary differences which might lead to the recognition of a deferred tax asset or liability.

Transactions 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 on 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.

The hedges that the GAMESA Group uses to reduce foreign currency risk are described in Note 21.

The detail of the equivalent euro value of the monetary assets and liabilities denominated in currencies other than the euro of the GAMESA Group at 31 December 2008 and 2007 is as follows:

	Equivalent value in thousands of euros			
	2008		2007	
Currency	Assets	Liabilities	Assets	Liabilities
Pound sterling	216	70	1	307
US dollar	240,665	173,515	208,228	250,966
Japanese yen	1,486	4,246	-	1
Egyptian pound	-	7,623	-	-
Chinese yuan	54,267	1,073	145,091	104,193
Other currencies	4,269	2,655	1	11,054
Total	300,903	189,182	353,321	366,521

The detail of the main foreign currency balances is as follows:

	Equivalent value in thousands of euros			
	2008		2007	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Accounts receivable	211,287	-	314,064	-
Cash and cash equivalents	89,616	-	39,257	-
Accounts payable	-	123,520	-	211,057
Bank borrowings (Note 19)	-	65,662	-	155,464
Total	300,903	189,182	353,321	366,521

The detail, by nature of the items that compose them, of the main foreign currency balances classified as held for sale and their associated liabilities (see Note 8), are as follows:

	Equivalent value in thousands of euros	
	2007	
Nature of the balances	Assets	Liabilities
Accounts receivable	40,286	-
Cash and cash equivalents	370	-
Accounts payable	-	15,390
Bank borrowings (Note 19)	-	743
Total	40,656	16,133

g) 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.

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 2008 and 2007 includes EUR 230 thousand and EUR 32 thousand, respectively, in this connection (see Note 29-a). Also, the income in this connection relating to discontinued operations in 2008 and 2007 amounted to EUR 41 thousand and EUR 472 thousand, respectively and is recognised under "Profit for the Year from Discontinued Operations" in the accompanying consolidated income statement.

h) Current/Non-current classification-

Debts are classified as non-current or current on the basis of the projected period to maturity, disposal or settlement. Therefore, non-current debts 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 short or long term 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 corporation/limited liability company 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 this financing, the total amount of financing assigned to the wind farms that will foreseeably be sold within twelve months from year-end is classified at short term.

i) 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 pursuant to Álava Corporation Tax Regulation 24/1996, of 5 July. The Parent of the related tax group is Gamesa Corporación Tecnológica, S.A.

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.

The GAMESA Group recognises deferred tax assets to the extent that it is expected that there will be taxable profits against which tax assets arising from temporary differences can be utilised.

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.

j) 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. 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 non-current 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 "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 years of estimated useful life
Buildings	20 - 33
Plant and machinery	5 - 10
Other items of property, plant and equipment	3 - 10

Since the GAMESA Group does not have to meet any significant costs in relation to the closure of its facilities, the accompanying consolidated balance sheet does not include any provisions in this connection.

k) Intangible assets-

Intangible assets are initially recognised 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 the 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.

Amortisation of development expenditure 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 on a straight-line basis over the estimated period of time that the new product will generate economic benefits. These projects relate mainly to new models of WTGSs which the Group basically estimates to have a sale period of five years.

Concessions, patents, licences, trademarks and similar Items

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.

Computer 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. Computer system maintenance costs are recognised with a charge to the consolidated income statement for 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.

l) 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 and 9).

Recoverable amount is the higher of fair 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 estimate 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 range from 7% to 10%, before tax, depending on the risks associated with each specific asset (see Note 9).

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 in a subsequent period.

m) Inventories-

This line item 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 market 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 or purchase option agreements etc., the non-current assets assigned thereto are transferred from "Inventories" to "Property, Plant and Equipment in use".

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

n) Financial assets and liabilities-

Financial assets

Financial assets are initially recognised at acquisition cost, including transaction costs.

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

- *Financial assets classified as at fair value through 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, provided that they are quoted on an active market or that their fair value can be estimated reliably.

  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" and "Finance Income", 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 2008 and 2007, the impact of these financial instruments on the accompanying consolidated financial statements is not material (see Note 21).

- *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 valued 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 2008 and 2007, 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.

- *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, when 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 2008 and 2007 (see Note 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.

Impairment of financial assets

Except for the financial assets classified as at fair value through profit or loss, the financial assets are analysed by GAMESA Group management 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.

–It becoming probable that the borrowers will enter bankruptcy or other financial reorganisation.

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.

Bank borrowings and other financial liabilities

Loans, bonds and other 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 rate 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.

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

Financial derivatives are initially recognised at acquisition cost 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 periodically 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 and 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.

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.

- 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. This procedure is also used, where appropriate, to determine the fair value of loans and receivables.

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 an entity after deducting all of its liabilities.

Derecognition 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.

ñ) Treasury shares of the Parent-

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

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 equity.

o) 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 matters for 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 Note 22).

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.

Litigation and/or claims in process

At 31 December 2008, 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 constituted for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the financial statements for the years in which they are settled (see Note 22).

At 31 December 2008 and 2007, there were no unrecognised material contingent liabilities or provisions.

p) Termination benefits-

Under current labour legislation, the consolidated companies are required to pay termination benefits to employees terminated under certain conditions.

"Staff Costs" in the consolidated income statements for 2008 and 2007 includes EUR 2,481 thousand and EUR 2,574 thousand, respectively, relating to termination benefits (see Note 29-c). Also, the expenses in this connection relating to discontinued operations in 2008 and 2007 amounted to EUR 89 thousand and EUR 902 thousand, respectively and are recognised under "Profit for the Year from Discontinued Operations" in the accompanying consolidated income statement.

The GAMESA Group does not expect any significant dismissals or terminations to arise in the future and, accordingly, no provision was recorded in this connection in the accompanying consolidated balance sheet at 31 December 2008.

q) Share-based payment-

Equity-settled share-based payments are measured at the fair value of these liabilities 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 eventually vest.

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.

For cash-settled share-based payments, a liability equal to their current fair value determined at each balance sheet date is recognised. In the case of equity-settled share-based payments, this fair value is charged to "Staff Costs" in the consolidated income statement with a credit to "Equity - of the Parent - other reserves" in the consolidated balance sheet.

Share option plan-

A number of share options were established for a maximum of 54 executives of the Group up to a maximum of 2,212,000 options. Exercise of the options was conditional upon fulfilment of the individual annual targets of the beneficiaries in the period from 2005 to 2007. Each option entitled its beneficiary to acquire title to one fully paid ordinary share for an exercise price of EUR 10.96 per share.

In general, the period for exercising these options commenced on 1 January 2008 and ends on 28 May 2011. During this period, provided that the market price of the shares is equal to or higher than EUR 14.58 per share, each beneficiary may acquire the shares corresponding to him by paying the related exercise price, plus the amount of the related personal income tax withholdings, of the social security contributions payable by the beneficiary and of such expenses as might be incurred in the transaction. The compensation in kind obtained by the beneficiary as a result of the exercise of the options will be determined as the difference between the market price of the shares and the exercise price.

In 2007 certain executives included in the share option plan exercised their right to acquire 157,480 GAMESA shares at the agreed price, for having reached the maximum price established for each one in their corresponding plan and because their share option plans enabled them to exercise their right before 1 January 2008.

The exercise period of the share option plan commenced on 1 January 2008 (see Note 18). In this respect, in 2008 most of the executives included in the plan exercised their options. The executives were paid in shares and in 2008 the Company delivered a total of 850,022 GAMESA shares at the agreed price.

At 31 December 2008, there were 65,000 options outstanding held by certain executives (2,054,520 options outstanding at 31 December 2007) under the plan, exercisable until 28 May 2011.

To measure this plan, GAMESA used the Black-Scholes option pricing model, which is widely used in the financial services industry to measure transactions, and deferred and recognised the value of the options implicit in the aforementioned plan over the term of the plan, with a charge to "Staff Costs" in the consolidated income statement with a credit to "Equity - Of the Parent - Other Reserves" in the accompanying consolidated balance sheet.

At 1 January 2008, the ultimate and definitive valuation of the plan, which amounted to EUR 2,136 thousand, was recognised under "Equity - Of the Parent - Other Reserves". In 2008 the Company recognised EUR 87 thousand with a credit to "Equity – Of the Parent – Other Reserves", due to the changes which arose during the aforementioned exercise of the options.

Share-based bonus plan-

A number of shares were established for a maximum of 70 executives of the Group up to a maximum of 210,000 shares. The beneficiaries of this plan may not be beneficiaries of the aforementioned share option plan. The requirements that had to be met in order for the beneficiaries to be able to receive shares were the same as those established for the receipt of the annual variable salary payment.

In the end, the GAMESA Group did not implement this share-based bonus plan. Therefore, these consolidated financial statements do not include any provision in this connection.

r) Other obligations to employees

Incentive plan -

El At its meeting held on 28 March 2007, the Board of Directors of the GAMESA Group approved a new incentive plan awarded by GAMESA to 49 executives. The executives included in this plan are those who were appointed during the term of the 2006-2008 Business Plan and executives promoted to key management positions within the new organisational model.

The vesting period of the plan is from 1 January 2006 to 31 December 2008 and it will be determined and paid once the level of attainment of the strategic objectives has been verified and the Annual General Meeting has approved the 2008 financial statements.

In connection with this incentive plan, in 2008 a provision of EUR 1,748 thousand (2007:EUR 2,638 thousand) was recognised with a charge to "Staff Costs" in the accompanying consolidated income statement and with a credit to "Other Payables – Other Current Liabilities" in the accompanying consolidated balance sheet, relating to the portion of the plan vested until 31 December 2008.

s) 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 cash flow statements, which were prepared using the indirect method, 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 and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of the equity and borrowings that are not operating activities.

t) Earnings per share-

Basic earnings per share are calculated by dividing the net profit 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 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 have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Company. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

Basic earnings per share in 2008 and 2007 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (see Note 35).

u) Dividends-

Any interim dividends approved by the Board of Directors are recognised as a deduction 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.

4. Financial risk management policies

The GAMESA Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. The GAMESA 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. Certain items of income are denominated in US dollars, whereas the rest of its costs are denominated in euros. Therefore, if the GAMESA Group did not use financial instruments to hedge its net exposure to current and future foreign currency risk, its earnings could be affected by fluctuations in the euro/US dollar exchange rate.

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

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 generally uses foreign currency hedges to hedge this risk (see Note 21).

b) Interest rate risk-

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

The GAMESA Group has arranged substantially all of its borrowings at floating rates and uses hedging instruments, where appropriate, to minimise the risk, basically when the financing is at long term with the concomitant risk. The hedging instruments assigned specifically to debt instruments are limited to a maximum of the same nominal amounts and have the same established maturity as the hedged items (see Note 21).

The debt structure at 31 December 2008 and 2007, drawing a distinction between fixed and floating rate borrowings (see Note 19), is as follows:

	Thousands of euros			
	2008		2007	
	Excluding hedges	Including hedges	Excluding hedges	Including hedges
Fixed interest	-	350,000	-	605,000
Floating interest	465,608	115,608	833,095	228,095

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

c) 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 2008 the GAMESA Group has an average of unused credit facilities equal to approximately 87% of the bank financing drawn down (52% in 2007).

d) Credit risk-

The GAMESA Group is exposed to credit risk to the extent that a counterparty or customer does not meet its contractual obligations. Therefore, products and services are only sold to customers with an appropriate credit track record. In addition, since the GAMESA Group operates in the electricity industry, it has a customer base with a very good creditworthiness. However, basically 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 (see Note 15).

Excluding the guarantees currently held by the GAMESA Group, the total credit risk, including discontinued operations (see Note 8) amounted to EUR 1,632,696 thousand at 31 December 2008 (EUR 1,810,506 thousand at 31 December 2007) (see Note 15).

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:

- The GAMESA Group recognises by reference to the stage of completion revenue from wind farm 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 the technical and economic standpoints.
- As indicated in Note 3-l, each year the GAMESA Group reviews its assets to determine whether there is any indication that an impairment loss has been suffered, including goodwill and intangible assets that have not yet come into service, and, therefore, it has to estimate their recoverable amount.
- At each year-end 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 WTGSs (see Notes 3-o and 22).
- At year-end the GAMESA Group analyses its accounts receivable and, on the basis of its best estimates, quantifies the amount thereof that could be uncollectible (see Note 15).
- At each year-end the GAMESA Group estimates its contingent liabilities (see Notes 3-o and 22).
- At 2008 year-end, the GAMESA Group estimated the potential revision of the exchange ratio of the transaction performed in 2007 with the DANIEL ALONSO Group (see Note 12).
- The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief to the extent that their future realisation or utilisation is sufficiently assured. In this respect, the GAMESA Group considers that the recoverability of certain tax assets recognised by the companies in the Basque Country tax group (see Note 27) is guaranteed by including in the tax group, where possible, companies with taxable profits or through other operating and commercial measures which are also available to the GAMESA Group and under its control.

Although these estimates were made on the basis of the best information available at 31 December 2008 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. Distribution of profit

The distribution of the profit for 2008 that the Board of Directors of Gamesa Corporación Tecnológica, S.A. (the Parent of the GAMESA Group) will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of euros
Distributable profit:	
Profit for the year	91,459
Distribution:	91,459
Dividend	48,660
To voluntary reserves	42,799
Total	91,459

7. Segment reporting

The main criteria applied when defining the segmented information of the GAMESA Group included in the accompanying consolidated financial statements are as follows:

The primary 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 senior management is also structured in this way.

The primary segments identified are as follows:

- Manufacture of wind generators and wind power components ("Manufacturing")
- Development, promotion and sale of wind farms ("Generation") This segment is presented in the 2008 consolidated financial statements as a discontinued operation, in accordance with IFRS 5 (see Notes 1, 3-d and 8).

The secondary segments are geographical segments, taken to be the main markets in which the GAMESA Group currently operates. Specifically, the secondary segments identified are as follows:

- Spain
- Rest of Europe
- USA
- China
- Rest of the world

Primary segments

Segment information about these primary segments is presented below:

a) Revenue-

The breakdown, by segment, of consolidated revenue for the years ended 31 December 2008 and 2007 is as follows:

	Thousands of Euros	
Segment	2008	2007
Manufacturing	3,495,409	2,790,037
Corporate unit, other and consolidation adjustments	150,766	77,004
Revenue from continuing operations	3,646,175	2,867,041

	Thousands of Euros	
Segment	2008	2007
Generation	412,499	571,560
Solar power	32,494	206,771
Revenue from discontinued operations (Note 8)	444,993	778,331

b) Net profit-

The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2008 and 2007 is as follows:

	Thousands of Euros	
Segment	2008	2007
Manufacturing	189,707	153,527
Corporate unit, other and consolidation adjustments	(32,768)	(31,215)
Net profit for the year from continuing operations	156,939	122,312

	Thousands of Euros	
Segment	2008	2007
Generation	22,125	82,748
Solar power	143,103	17,913
Net profit for the year from discontinued operations (Note 8)	165,228	100,661

c) Investment in assets-

The detail of the total cost incurred in the acquisition of property, plant and equipment and other non-current intangible assets in the years ended 31 December 2008 and 2007 is as follows:

	Thousands of euros			
	2008		2007	
	Other intangible assets	Property, plant and equipment	Other intangible assets	Property, plant and equipment
Manufacturing	39,354	116,433	37,427	54,626
Corporate unit, other and consolidation adjustments	122	1,922	133	1,181
Investment in assets from continuing operations	39,476	118,355	37,560	55,807

	Thousands of euros			
	2008		2007	
	Other intangible assets	Property, plant and equipment	Other intangible assets	Property, plant and equipment
Generation	276	1,725	1,117	1,768
Solar power	-	-	40	661
Investment in assets from discontinued operations (Note 8)	276	1,725	1,157	2,429

d) Depreciation and amortisation charge and provisions-

The breakdown, by segment, of the depreciation and amortisation charge and of the expense relating to provisions for the years ended 31 December 2008 and 2007 is as follows:

	Thousands of Euros	
Segment	2008	2007
Manufacturing	288,123	215,503
Corporate unit, other and consolidation adjustments	(368)	5,099
Depreciation and amortisation charge and provisions from continuing operations	287,755	220,602

	Thousands of Euros	
Segment	2008	2007
Generation	9,697	(3,535)
Solar power	-	895
Depreciation and amortisation charge and provisions from discontinued operations (Note 8)	9,697	(2,640)

e) Assets and liabilities-

The detail, by segment, of the assets and liabilities at 31 December 2008 is as follows:

	Thousands of euros			
	Manufacturing	Generation	Corp., other and consolidation adjustments	Total at 31.12.08
Property, plant and equipment and other intangible assets	459,264	5,929	2,115	467,308
Goodwill and other non-current assets	497,180	83,310	3,541	584,031
Current assets	3,207,357	711,906	(996,436)	2,922,827
Assets classified as held for sale (Note 8)	-	-	801,145	801,145
Total assets	4,163,801	801,145	(189,635)	4,775,311
Equity	827,559	538,282	142,269	1,508,110
Bank borrowings and other financial liabilities	493,073	247,757	(275,222)	465,608
Other non-current liabilities	360,322	11,833	(1,468)	370,687
Other current liabilities	2,482,847	3,273	(318,077)	2,168,043
Liabilities associated with assets classified as held for sale (Note 8)	-	-	262,863	262,863
Total equity and liabilities	4,163,801	801,145	(189,635)	4,775,311

The detail, by segment, of the assets and liabilities at 31 December 2007 is as follows:

	Thousands of euros				
	Manufacturing	Generation	Solar power	Corp., other and consolidation adjustments	Total at 31.12.07
Property, plant and equipment and other intangible assets	394,548	6,676	2,468	7,079	410,771
Goodwill and other non-current assets	457,842	136,832	1,890	(30,043)	566,521
Current assets	2,722,506	779,835	157,322	(272,200)	3.387,463
Total assets	3,574,896	923,343	161,680	(295,164)	4,364,755
Equity	731,241	393,626	26,719	107,130	1,258,716
Bank borrowings and other financial liabilities	398,819	146,910	72,180	222,292	840,201
Other non-current liabilities	290,981	11,303	16	7,302	309,602
Other current liabilities	2,153,855	371,504	62,765	(631,888)	1,956,236
Total equity and liabilities	3,574,896	923,343	161,680	(295,164)	4,364,755

Secondary segments

Segment information about these secondary segments is presented below:

a) Revenue-

The breakdown, by geographical segment, of revenue at 31 December 2008 and 2007 is as follows:

	31.12.08		31.12.07	
Geographical area	Thousands of euros	%	Thousands of euros	%
Spain	1,583,564	43.4%	1,827,777	63.8%
Rest of Europe	615,819	16.9%	217,012	7.5%
USA	863,602	23.7%	595,490	20.8%
China	256,035	7.0%	222,428	7.7%
Rest of the world	327,155	9.0%	4,334	0.2%
Total	3,646,175	100.0%	2,867,041	100.0%

b) Total assets-

The detail, by geographical segment, of the total assets at 31 December 2008 and 2007 is as follows:

	31.12.08		31.12.07	
Geographical area	Thousands of euros	%	Thousands of euros	%
Spain	3,538,680	74.1%	3,178,707	72.8%
Rest of Europe	263,562	5.5%	305,532	7.0%
USA	777,643	16.3%	741,098	17.0%
China	160,374	3.4%	135,048	3.1%
Rest of the world	35,052	0.7%	4,370	0.1%
Total	4,775,311	100.0%	4,364,755	100.0%

c) Investment in assets-

The detail, by geographical segment, of the investment in property, plant and equipment and other non-current intangible assets in 2008 and 2007 is as follows:

	31.12.08		31.12.07	
Geographical area	Thousands of euros	%	Thousands of euros	%
Espain	134,717	85.3%	71,103	73.3%
Rest of Europe	163	0.1%	410	0.4%
USA	14,126	9.0%	8,968	9.3%
China	8,782	5.6%	16,452	17.0%
Rest of the world	41	0.0%	20	0.0%
Total	157,830	100.0%	96,953	100.0%

8. Profit from discontinued operations and assets classified as held for sale

The detail of "Profit for the Year from Discontinued Operations" in the consolidated income statements at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	2007
Solar power business -		
Profit for the year from the Solar power business	1,264	17,913
Profit before tax on disposal of the Solar power business	140,489	-
Income tax attributable to the disposal	1,350	-
Net profit on disposal of the Solar power business	143,103	-
Generation business -		
Profit for the year from the Generation business	22,125	82,748
Total	165,228	100,661

Solar power business - Disposal

On 28 February 2008, GAMESA and Toler Inversiones 2007, S.L. (Sole-Shareholder Company) entered into a private purchase and sale agreement for the acquisition by the latter of the engineering, promotion and provision of turn-key services business relating to the installation of solar PV plants and to also engage in solar thermal activities. The execution of this agreement was conditional upon compliance with certain suspensive conditions.

Once these conditions had been met, on 24 April 2008, GAMESA executed this sale by transferring 100% of the shares of Gamesa Solar, S.A. (Sole-Shareholder Company) (see Notes 1 and 2-g) and of the other GAMESA companies engaged in this activity.

The detail of the carrying amount of the net asset disposals at the effective date of the transaction is as follows:

Concept	Thousands of euros
- Property, plant and equipment	2,065
- Other intangible assets	403
- Deferred taxes	(16)
- Receivables and other current assets	132,541
- Cash and cash equivalents	28,415
- Payables and other liabilities	(127,857)
- Other	13
Net asset disposals	35,564

The purchase and sale agreement was ultimately concluded for EUR 213,856 thousand. Of this sale price, EUR 20,000 thousand was subject to compliance by the companies disposed of, of certain gross margin levels in 2008, obtained from the financial statements of the companies which were sold. GAMESA's directors consider that these levels were not reached in 2008 and, accordingly, the final price of the transaction was decreased by the aforementioned amount. Consequently, after including all the expenses required for the sale and certain costs arising from the companies disposed of which were passed on to GAMESA, the consolidated profit from the transaction amounted to EUR 143,103 thousand and was recognised under "Profit for the Year from Discontinued Operations" in the accompanying consolidated income statement.

Of the total final selling price, EUR 117,186 thousand were collected on the date on which the purchase and sale agreement was signed. During the year, partial collections were made, at the rate of, and in accordance with the terms and conditions of the agreement. At 31 December 2008, GAMESA had an amount outstanding of EUR 61,400 thousand. Of this amount, EUR 60 million related to the loan granted by GAMESA to the buyer Toler Inversiones, S.L., as established in the agreement. This amount is recognised under "Non-Current Financial Assets – Other Non-Current Financial Assets" on the asset side of the accompanying consolidated balance sheet (see Note 13).

Generation business – Strategic agreement with Iberdrola Renovables, S.A.

On 13 June 2008, GAMESA and Iberdrola Renovables, S.A. (subsidiary of Iberdrola, S.A., see Notes 18 and 32) agreed:

–That Iberdrola Renovables would acquire the wind-power projects owned by the GAMESA Group in the UK, Mexico and the Dominican Republic with an overall capacity of more than 900 MW, and, as appropriate, the promotion, development and operation activities related to these projects.

–To pool the wind farm promotion, development and operation businesses of GAMESA and Iberdrola Renovables, S.A. in Spain and in certain European countries and the projects related thereto, irrespective of their stage of development, by contributing them to two or more vehicles which will be wholly owned by both parties. To begin with, two vehicles will foreseeably be created; one for the businesses in Spain and another for the businesses abroad. The ownership interest in the share capital of the vehicles was defined based on the estimate made by the parties relating to the entry into service of the projects included in the businesses as from 1 January 2008 (with the exception of certain projects which will be identified in the strategic agreement); and the value of these projects in accordance with, inter alia, the MW and estimated production of each one. GAMESA is initially expected to have a 23% ownership interest in the share capital of the company to which the businesses in Spain will be contributed (Iberdrola Renovables, S.A. will own the remaining 77%), with the possibility of increasing its ownership interest to 32% provided that certain conditions are met; and of 24% of the share capital of the company to which the businesses abroad will be contributed (Iberdrola Renovables will own the remaining 76%). The GAMESA Group considers that the materialisation of this agreement will lead to the loss of effective control over these projects. The aforementioned percentages of ownership initially established by GAMESA and Iberdrola Renovables, S.A. were subsequently ratified by an independent expert.

By virtue of the strategic agreement entered into, GAMESA and Iberdrola Renovables, S.A. undertake to maintain their ownership interests in the share capital of the vehicles until 31 December 2010, with the only exception being that prior, written consent is obtained from the other party. From 1 January 2011, Iberdrola Renovables will be free to transfer its ownership interest in the share capital of the vehicles, while GAMESA will have the tag-along right and the right of first refusal, as detailed below.

Conversely, from 1 January 2011, GAMESA will only be able to transfer its entire ownership interest in the share capital of the vehicles to Iberdrola Renovables, S.A., through exercising the options, as described below. However, GAMESA can only transfer its entire ownership interest in the share capital of the vehicles to a third-party provided that it has obtained the prior, written consent of Iberdrola Renovables, S.A., and the third party is subject to all the restrictions, terms and conditions applicable to GAMESA.

Tag-along right

In the event that, subsequent to 31 December 2010, Iberdrola Renovables, S.A. decided to:

(a) transfer its entire ownership interest in any of the vehicles to a third-party; or

(b) transfer a portion of its ownership interest in any of the vehicles to a third party and, as a result of this transfer, Iberdrola Renovables, S.A. reduced its ownership interest in the share capital of the vehicle concerned to less than fifty per cent,

GAMESA would be entitled to transfer its entire ownership interest in the vehicle concerned to this third party, under the same terms and conditions as those agreed between Iberdrola Renovables, S.A. and the acquiring third party.

Conversely, if Iberdrola Renovables, S.A. reaches an agreement with a third party in relation to the acquisition price of its ownership interest in certain of the vehicles and the following circumstances concur:

(a) transfer its entire ownership interest in any of the vehicles to a third-party; or

(b) transfer a portion of its ownership interest in any of the vehicles to a third party and, as a result of this transfer, Iberdrola Renovables, S.A. reduced its ownership interest in the share capital of the vehicle concerned to less than fifty per cent,

GAMESA would be entitled to transfer its entire ownership interest in the vehicle concerned to this third party, under the same terms and conditions as those agreed between Iberdrola Renovables, S.A. and the acquiring third party.

Conversely, if Iberdrola Renovables, S.A. reaches an agreement with a third party in relation to the acquisition price of its ownership interest in certain of the vehicles and the following circumstances concur:

(a) that GAMESA demonstrates that this selling price is below market price, in accordance with the report issued by an independent expert appointed by GAMESA for this purpose; and

(b) that GAMESA demonstrates that this difference in price compared to the market price is due to negotiations being held while negotiating with the third party the acquisition of the ownership interest of Iberdrola Renovables in the vehicle concerned, by virtue of which Iberdrola Renovables would obtain additional compensation from the third party.

GAMESA's right of first refusal

In the event that, subsequent to 31 December 2010, Iberdrola Renovables decided to:

(a) transfer its entire ownership interest in any of the vehicles to a third party: or

(b) transfer a portion of its ownership interest in any of the vehicles to a third party and, as a result of this transfer, Iberdrola Renovables reduced its ownership interest in the share capital of the vehicle concerned to less than fifty per cent,

Iberdrola Renovables must compensate GAMESA at the value of the additional compensation agreed with the third party.

Iberdrola Renovables must notify GAMESA of its intention in writing, identifying the vehicle whose ownership interest it wishes to transfer. In this case, GAMESA would be entitled to acquire the entire ownership interest in the vehicle concerned, provided that the price offered by GAMESA exceeded the highest price offered by the potential acquirers and that the rest of the terms and conditions of the purchase bid were adhered to. In this case, Iberdrola Renovables must accept GAMESA's bid and transfer the ownership interest in the vehicle concerned to GAMESA.

Call and put options on the vehicles

From 31 December 2010, call and put options will exist both for domestic and foreign vehicles, as follows:

–Iberdrola Renovables grants GAMESA two put options on the entire ownership interest held GAMESA, at all times, in the share capital of the domestic vehicle and the foreign vehicle (one put option per vehicle, both of which are independent). This option must be exercised in full and cannot be partially exercised. If GAMESA were to exercise its put option, Iberdrola Renovables would be obliged to purchase GAMESA's entire ownership interest in the corresponding vehicle.

–GAMESA grants Iberdrola Renovables, two call options on the entire ownership interest held by GAMESA, at all times, in the share capital of the domestic vehicle and the foreign vehicle (one call option per vehicle, both of which are independent). This option should be exercised in full and cannot be partially exercised. If Iberdrola Renovables were to exercise its call option, GAMESA would be obliged to sell to Iberdrola Renovables, its entire ownership interest in the corresponding vehicle.

These call and put options expire on 31 December 2011. If none of the options have been exercised by 31 December 2011, the term of the options shall be extended for an additional one-year period and successively, provided that the strategic agreement remains in force and that none of the options have been exercised.

The price of the options will be determined by the arithmetic mean of the valuations performed by investment banks appointed by the parties. The means of payment shall be determined by Iberdrola Renovables and may consist of the delivery of cash or of the delivery of shares of Iberdrola Renovables, or a combination of both.

The suspensive conditions of this strategic agreement concluded on 13 December 2008. At 31 December 2008, GAMESA and Iberdrola Renovables were finalising the definitive agreement. GAMESA's directors consider that the definitive agreement will be executed in full during the first few months of 2009.

Conversely, although the activities relating to the promotion, development and operation of wind farms carried out by GAMESA in the US and China are not included in the aforementioned strategic agreement with Iberdrola Renovables, S.A., in 2008 GAMESA's board of directors devised a plan to dispose of these lines of business which are expected to be sold in 2009. Consequently, given that they meet all of the requirements established in IFRS 5 described in Note 3-d, they have also been included as assets classified as held for sale within the Generation business.

At the date of authorisation for issue of these consolidated financial statements, the GAMESA Group considered that the fair value of the Generation business was higher than the carrying amount of the related net assets and, therefore, no impairment loss was recognised in this connection.

The structure of the transaction is currently being finalised by the various work teams which are developing the business plans and analysing in detail, inter alia, the legal, fiscal, accounting and financial terms thereof, and they expect to conclude their work in the next few days.

In this context, there will be changes relating to some of the previously described matters, although they are not considered to be material. In any case, they will be in compliance with and balanced with the essential principles established in the aforementioned strategic agreement.

The detail of the assets and liabilities composing the line of business classified as held for sale is as follows:

	31 december 2008 Thousands of euros Generation business
Goodwill	75,874
Other intangible assets	751
Property, plant and equipment	5,178
Non-current financial assets	4,757
Deferred tax assets	2,679
Total non-current assets	89,239
Inventories	348,646
Accounts receivable	263,986
Other current assets	78,300
Cash and cash equivalents	20,974
Total current assets	711,906
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	801,145
Non-current bank borrowings	138,171
Other non-current liabilities	11,833
Total non-current liabilities	150,004
Bank borrowings and other financial liabilities	109,586
Other current liabilities	3,273
Total current liabilities	112,859
TOTAL LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	262,863
NET ASSETS OF DISPOSAL GROUP	538,282

Income statements and cash flows relating to discontinued operations

The main headings of the consolidated income statements relating to the lines of business classified as discontinued operations in 2008 and 2007, are as follows:

	2008		
	Thousands of euros		
	Energy business	Solar power business	Total
Revenue	412,499	32,494	444,993
Other income	22,690	1,965	124,655
Depreciation and amortisation charge and provisions	(9,697)	-	(9,697)
Other expenses	(403,562)	(31,623)	(535,185)
PROFIT BEFORE TAX	21,930	2,836	24,766
Attributable income tax	195	(1,572)	(1,377)
PROFIT FOR THE YEAR	22,125	1,264	23,389
Gains on disposal	-	140,489	140,489
Attributable income tax	-	1,350	1,350
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	22,125	143,103	165,228

	2008		
	Thousands of euros		
	Energy business	Solar power business	Total
Revenue	571,560	206,771	778,331
Other income	15,307	331	15,638
Depreciation and amortisation charge and provisions	3,535	(895)	2,640
Other expenses	(507,105)	(183,631)	(690,736)
PROFIT BEFORE TAX	83,297	22,576	105,873
Attributable income tax	(549)	(4,663)	(5,212)
PROFIT FOR THE YEAR	82,748	17,913	100,661
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	82,748	17,913	100,661

The detail of the cash flows from the lines of business classified as discontinued operations for 2008 and 2007, is as follows:

	Thousands of euros	
	31-12-2008	31-12-2007
Cash flows from operating activities	(122,172)	23,575
Cash flows from investing activities	(2,001)	(5,129)
Cash flows from financing activities	145,147	70,002
Cash flows from discontinued operations	20,974	88,449

9. Goodwill

The changes in "Goodwill" in the consolidated balance sheets for 2008 and 2007, were as follows:

	Thousands of euros			
	Balance at 01.01.07	Balance at 31.12.07	Transfer to assets classified as held for sale (Note 8)	Balance at 31.12.08
Gamesa Eólica, S.L.	275,221	275,221	-	275,221
Gamesa Energía, S.A.	70,126	70,126	(70,126)	-
Made Tecnologías Renovables, S.A.	23,076	23,076	-	23,076
Gamesa Energía Deutschland, GMBH	4,632	4,632	(4,632)	-
Cantarey Reinosa, S.A.	4,517	4,517	-	4,517
Gamesa Energy Transmission, S.A.	4,327	4,327	-	4,327
Other	5,359	5,359	(1,116)	4,243
	387,258	387,258	(75,874)	311,384

As indicated in Note 3-b, at each balance sheet date the Group measures the impairment loss on goodwill. The recoverable amount of the cash-generating units associated with the aforementioned goodwill was measured with reference to the value in use. Value in use was determined on the basis of projected cash flows (approved by management) that represent the best estimates for a five-year period.

The assumptions used in the impairment tests performed by GAMESA are as follows:

–Five years were projected, calculating the residual value as the permanent income of a year that does not contain cyclical or seasonal information.

–The discount rates used would vary in accordance with the risk to which the goodwill is exposed, ranging between 7 % and 10%, before tax.

–The growth rate of this residual value is 0%.

For all the cash-generating units, the most relevant parameters are:

–Revenue
–Profit from operations
–Working capital
–Investments in non-current assets
–Expected growth

10. Other intangible assets

The changes in "Other Intangible Assets" in the accompanying consolidated balance sheets in 2008 and 2007, were as follows:

	Thousands of euros				
	Development expenditure	Concessions, patent, licences, trademarks and similar items	Computer software	Advances	Total
Cost -					
Balance at 01.01.07	141,261	22,427	12,817	1,847	178,352
Additions	30,906	1,067	6,604	140	38,717
Change in the consolidation method Note 2-g)	(17)	-	(134)	-	(151)
Translation differences	-	(6)	(16)	-	(22)
Transfers	58	9	2,009	(1,984)	92
Balance at 31.12.07	172,208	23,497	21,280	3	216,988
Additions/ disposals (net) due to changes in the scope of consolidation	(81)	(405)	(145)	-	(631)
Additions	30,536	100	3,509	5,331	39,476
Disposals	(127)	-	-	-	(127)
Translation differences	-	13	4	-	17
Transfer to assets classified as held for sale (Note 8)	-	(1,666)	(1,279)	-	(2,945)
Transfers	(3)	-	1,646	-(1,482)	161
Balance at 31.12.08	202,533	21,539	25,015	3,852	252,939
Accumulated amortisation-					
Balance at 01.01.07	(48,490)	(3,149)	(6,549)	-	(58,188)
Charge for the year	(20,553)	(3,092)	(3,004)	-	(26,649)
Change in the consolidation method (Note 2-g)	17	-	124	-	141
Translation differences	-	-	15	-	15
Transfers	(58)	(9)	(23)	-	(90)
Balance at 31.12.07	(69,084)	(6,250)	(9,437)	-	(84,771)
Additions / disposals (net) due to changes the scope of consolidation	27	152	49	-	228
Charge for the year	(26,517)	(3,098)	(4,067)	-	(33,682)
Translation differences	-	-	(1)	-	(1)
Transfers to assets classified as held for sale (Note 8)	-	149	1,191	-	1,340
Transfers	61	1	(26)	-	36
Balance at 31.12.08	(95,513)	(9,046)	(12,291)	-	(116,850)
Impairment losses-					
Balance at 01/01/07	(127)	-	-	-	(127)
Balance at 31/12/07	(127)	-	-	-	(127)
Amounts reversed	127	-	-	-	127
Balance at 31/12/08	-	-	-	-	-
Total other intangible assets at 31/12/07	102,997	17,247	11,843	3	132,090
Total other intangible assets at 31/12/08	107,020	12,493	12,724	3,852	136,089

In 2008 the main addition to "Development Expenditure" was due to the development in the WTGS Manufacturing segment, (mainly at the subsidiary Gamesa Innovation and Technology, S.A.), of new WTGS models and to the optimisation of the performance of its various components amounting to approximately EUR 25,484 thousand (2007: approximately EUR 28,200 thousand).

The capitalised development expenditure will be recovered through marketing the wind generator models which include the developed technology.

Fully amortised intangible assets in use at 31 December 2008 and 2007 amounted to approximately EUR 57,296 thousand and EUR 33,815 thousand, respectively.

At 31 December 2008, the GAMESA group had intangible asset purchase commitments amounting to EUR 16,173 thousand (EUR 13,423 thousand at 31 December 2007).

11. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheet in 2008 and 2007 were as follows:

	Thousands of euros				
	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Cost -					
Balance at 01.01.07	109,104	171,033	139,310	27,358	446,805
Additions/ disposals (net) due to change in the scope of consolidation	-	-	(483)	-	(483)
Additions	3,326	11,693	23,827	19,390	58,236
Disposals	(5,965)	(3,645)	(2,291)	(81)	(11,982)
Change in the consolidation method (Note 2-g)	(35)	(9,448)	(1,747)	(36)	(11,266)
Translation differences	(4,722)	(4,034)	(1,535)	(308)	(10,599)
Transfers	21,527	(4,937)	13,325	(35,633)	(5,718)
Balance at 31.12.07	123,235	160,662	170,406	10,690	464,993
Additions/ disposals (net) due to changes in the scope of consolidation	(1,140)	(2,035)	(659)	-	(3,834)
Additions	14,814	13,712	51,038	38,791	118,355
Disposals	(325)	(6,363)	(5,591)	(52)	(12,331)
Transfer to assets classified as held for sale (Note 8)	(2,337)	(5,686)	(3,824)	(199)	(12,046)
Translation differences	3,665	3,207	1,790	524	9,186
Transfers	8,434	9,386	5,711	(23,774)	(243)
Balance atl 31.12.08	146,346	172,883	218,871	25,980	564,080
Accumulated depreciation -					
Balance at 01.01.07	(10,868)	(71,585)	(62,840)	-	(145,293)
Additions/ disposals (net) due to changes in the scope of consolidation	-	-	172	-	172
Charge for the year	(5,415)	(19,402)	(28,410)	-	(53,227)
Disposals	630	415	1,945	-	2,990
Change in the consolidation method (Note 2-g)	27	3,169	1,018	-	4,214
Translation differences	446	665	349	-	1,460
Transfers	(943)	4,869	(176)	-	3,750
Balance at l 31.12.07	(16,123)	(81,869)	(87,942)	-	(185,934)
Additions/ disposals (net) due to changes in the scope of consolidation	8	1,470	291		1.769
Charge for the year	(6,061)	(20,721)	(31,567)	-	(58,349)
Disposals	261	1,261	3,104	-	4,626
Transfer to Assets Classified as Held for Sale (Note 8)	1,564	3,172	2,561		7,297
Translation differences	(341)	(887)	(705)	-	(1,933)
Transfers	(43)	65	19	-	41
Balance at 31.12.08	(20,735)	(97,509)	(114,239)	-	(232,483)
Impairment losses-					
Balance at 01/01/07	-	(378)	-	-	(378)
Balance at 31/12/07	-	(378)	-	-	(378)
Balance at 31/12/08	-	(378)	-	-	(378)
Total property, plant and equipment at 31.12.07	107,112	78,415	82,464	10,690	278,681
Total property, plant and equipment at 31.12.08	125,611	74,996	104,632	25,980	331,219

The main additions in 2008 and 2007 were due the investment in non-current assets that the GAMESA Group is making at its subsidiaries in the US and China engaged in the manufacture of wind generators and to the investment in land purchases in Aoiz (Navarre) for the construction of the G10X blade manufacturing plant, which represent a significant portion of the additions to "Land and Buildings" and "Plant and Machinery". The additions to "Other Items of Property, Plant and Equipment" relate to the tools required for the transportation of items manufactured by the WTGS segment and additions of items related to the manufacture of the new G10 blade.

At 31 December 2008 and 2007, the GAMESA Group's property, plant and equipment included approximately EUR 3,338 thousand and EUR 4,207 thousand, respectively, relating to the value of various assets of the GAMESA Group under finance leases, which were classified under the corresponding heading in accordance with their nature (see Note 19).

Fully depreciated property, plant and equipment in use amounted to EUR 81,919 thousand at 31 December 2008 (2007: 66,356 thousand). At 31 December 2008, these items related mainly to moulds and tools for the manufacture of WTGSs.

At 31 December 2008, the GAMESA Group companies had property, plant and equipment purchase commitments amounting to approximately EUR 10,060 thousand (2007: EUR 17,750 thousand), relating mainly to production facilities and newly-developed WTGSs and their components.

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

12. Investments accounted for using the equity method

The detail of the investments in associates of the GAMESA Group at 31 December 2008 and 2007 is as follows:

Company	Thousands of euros	
	2008	2007
Windar Renovables, S.L. (Note 32)	50,107	48,456
Energías Renovables de San Adrián de Juarros, S.A.	-	27
Zarza Solar, S.L.	-	15
	50,107	48,498

The changes in 2008 and 2007 in "Investments Accounted for Using the Equity Method" in the consolidated balance sheet, were as follows:

	Thousands of euros	
	2008	2007
Beginning balance	48,498	27
Change in the consolidation method and/or the scope of consolidation	(15)	47,295
Profit for the year	1,651	1,161
Additions	-	15
Transfer to assets classified as held for sale (Note 8)	(27)	-
Ending balance	50,107	48,498

The detail of assets, liabilities, income and expenses of associates at 31 December 2008 was as follows:

	31 december 2008 Thousands of euros
Total non-current assets	31,400
Total current assets	92,283
TOTAL ASSETS	123,683
Total equity	45,131
Total non-current liabilities	3,390
Total current liabilities	75,162
TOTAL EQUITY AND LIABILITIES	123,683

	31 december 2008 Thousands of euros
Total revenue	237,728
Total expenses	231,701
PROFIT BEFORE TAX	6,027

On 11 June 2007, Gamesa Corporación Tecnológica, S.A. incorporated the subsidiary Windmill Towers, S.L. (Sole-Shareholder Company). (see Note 2-g).

On 25 June 2007, the GAMESA Group performed a complete spin-off of the subsidiary Apoyos y Estructuras Metálicas, S.A. (Sole-Shareholder Company) (AyEMSA), with the dissolution without liquidation of the latter. Of the assets and liabilities of this company at this date, the ownership interests in Compovent, S.A. (Sole-Shareholder Company), Apoyos Metálicos, (Sole-Shareholder Company) and Aemsa Santana, S.A. were contributed to Windmill Towers, S.L. (Sole-Shareholder Company). at the carrying amount thereof in the spin-off balance sheet of AyEMSA at 31 December 2006, and the rest of the assets and liabilities were contributed to Gamesa Eólica, S.L. (Sole-Shareholder Company).

At the same time, the GAMESA Group and the DANIEL ALONSO Group reached an agreement whereby the latter fully subscribed the capital increase at Windmill Towers, S.L. through the contribution of the ownership interest in Tadarsa Eólica, S.L. (Sole-Shareholder Company)., thereby diluting the GAMESA Group's ownership interest in Windmill Towers, S.L. to 32%. As a result of this transaction, which the GAMESA Group considered a swap with commercial substance given its strategic and operational importance, the GAMESA Group recognised a gain of EUR 29,192 thousand, arising from the difference between the market value of the assets received and the carrying amount of the assets contributed to Windmill Towers, S.L., which was recognised in 2007 under "Gains (Losses) on Disposal of Non-Current Assets" in the accompanying consolidated income statement.

The GAMESA Group's loss of control over the contributed companies, receiving in exchange an equity investment in an associate, the configuration of which differs significantly from that of the pre-existing Windmill Towers S.L. (Sole-Shareholder Company), led GAMESA to consider the transaction as a swap with commercial substance.

The GAMESA Group and the DANIEL ALONSO Group agreed to adjust the exchange ratio agreed on if Windmill Towers, S.L. (Sole Shareholder Company) failed to meet the targets established in the business plan included in the agreement (this potential revision of the exchange ratio would be foreseeably performed at 31 December 2008 or alternatively at 30 June 2009). As appropriate, the value of the resulting adjustment would be payable in cash and would not modify the ownership interests held by the GAMESA Group and the DANIEL ALONSO Group in Windmill Towers, S.L.

Additionally, the GAMESA Group and Windmill Towers, S.L. reached an agreement for the supply of sections of WTGS towers stipulating a minimum volume of deliveries to be attained by Windmill Towers, S.L.

On 4 October 2007, Windmill Towers, S.L. changed its company name to Windar Renovables, S.L.

At 31 December 2008, the GAMESA Group had not reviewed the exchange ratio and considered remote the possibility that the amount of the recognised gain and therefore, the equity and the income statement at 31 December 2008 and 31 December 2007 would be affected by a potential adjustment to price according to the agreement governing the swap transaction. In any event, the GAMESA Group continuously reconsiders the performance thereof as regards the likelihood of occurrence.

In 2014, the DANIEL ALONSO Group should notify GAMESA in writing of its intention to fully or partially transfer its ownership interest in Windar Renovables, S.L. Whether the DANIEL ALONSO Group intends to transfer its ownership interest in Windar Renovables, S.L. or maintain it, mechanisms would be set in motion in order to facilitate GAMESA's sale of its ownership interest in Windar Renovables, S.L.

13. Non-current financial assets

The changes in "Other Intangible Assets" in the accompanying consolidated balance sheets in 2008 and 2007 were as follows:

	Thousands of euros						
	Balance at 31.12.07	Additions (Nota 8)	Translation differences	Disposals	Transfer to assets classified as held for sale (Nota 8)	Transfers to current financial assets	Balance at 31.12.08
Investment securities	3,594	-	-	-	(3,451)	-	143
Other non-current financial assets	8,228	62,366	9	(1,516)	(802)	(3,102)	65,183
	11,822	62,366	9	(1,516)	(4,253)	(3,102)	65,326

	Thousands of euros					
	Balance at 01.01.07	Additions	Translation differences	Change in the consolidation method	Transfer to current finanncial assets	Balance at 31.12.07
Investment securities	2,359	2,209	-	-	(974)	3,594
Other non-current financial assets	14,998	3,305	(8)	(14)	(10,053)	8,228
	17,357	5,514	(8)	(14)	(11,027)	11,822

a) Investment securities-

The detail of the cost of acquisition of the most representative long-term investment securities at 31 December 2008 is as follows:

	Thousands of euros	% of ownership at 31.12.08
Start Up Capital Navarra	113	4%
Other	30	
	143	

All the financial assets included under "Non-Current Financial Assets - Investment Securities" in the consolidated balance sheets at 31 December 2008 and 2007 were classified as available-for-sale financial assets (see Note 3-n) and are measured at cost of acquisition, since these companies' shares are not listed on organised markets and, therefore, their fair 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.

b) Other non-current financial assets

The detail of "Other Non-Current Financial Assets" in the consolidated balance sheet at 31 December 2008 and 2007 of the GAMESA Group is as follows:

	Thousands of euros			
	31.12.08	31.12.07	Interest rate	Maturity
Long-term deposits and guarantees (Note 29-d)	2,106	2,352	Euribor + spread	2009-2018
Other non-current receivables (Note 8)	63,077	5,876	Euribor + spread	2009-2011
Total	65,183	8,228		

Under "Other Non-Current Receivables", the Company includes basically, the EUR 60 million loan granted by the Company to Toler Inversiones 2007, S.L., to partially finance the acquisition of Gamesa Solar, S.A. (Sole-Shareholder Company) from

Gamesa Energía, S.A. (Sole-Shareholder Company) on 24 April 2008. This loan matures on 24 April 2012, will be repaid in full at the maturity date and earns interest tied to EURIBOR plus a market spread. In 2008 this loan earned interest recognised under "Finance Income" in the accompanying consolidated income statement (see Note 29-f) amounting to EUR 2,174 thousand. At 31 December 2008, this entire amount was outstanding, recognised under "Other Current Financial Assets" (see Note 20) on the asset side of the accompanying consolidated balance sheet.

Conversely, this heading also includes EUR 1,400 thousand and EUR 1,210 thousand relating to loans granted to various executives of the former Gamesa Solar, S.A. (Sole-Shareholder Company) Group companies (sold in 2008, see Note 8) and Global Energy Services, S.A. (formerly Gamesa Energía Servicios, S.A. and sold in 2006), respectively. These loans, with fixed maturities in 2010 and 2011, respectively, will be repaid in full on expiry of the respective agreements. GAMESA recognised EUR 150 thousand (2008: EUR 64 thousand), relating to interest receivable on these loans at 31 December 2008, which will also be repaid in full upon maturity.

14. Inventories

The detail of "Inventories" at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	2007
Goods held for resale	1,585	4,415
Raw materials and supplies	414,449	343,302
Work in progress and finished goods	408,893	302,505
Advances to suppliers	24,016	58,191
Write-downs	(20,621)	(6,127)
Total	828,322	702,286

At 31 December 2008 and 2007, there were no inventories provided as security for 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" at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	2007
Trade and other receivables	956,441	834,586
Construction contract receivables (Notes 3-b and 17)	241,790	723,352
Allowance for doubtful debts	(1,966)	(5,146)
Total	1,196,265	1,552,792

All the aforementioned balances mature in less than 12 months and are interest-free. Therefore, their realisable value does not differ significantly from their carrying amount.

"Allowance for Doubtful Debts" includes the balances receivable in relation to which there are doubts as to their recoverability (see Note 3-n). 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.

16. Cash and cash equivalents

The breakdown of "Cash and Cash Equivalents" in the accompanying consolidated balance sheets at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	2007
Cash in euros	407,338	96,556
Cash in foreign currencies	89,616	27,738
Liquid assets at less than three months	32,404	503,188
Other	178	198
Total	529,536	627,680

"Cash and Cash Equivalents" includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. The bank accounts earn interest at market 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 ordinary income (variation in the stage of completion resulting from the stage of completion relating to sales) of the firm WTGSs sales contracts which at 31 December meet the characteristics indicated in Note 3-b for the application of the stage of completion method in 2008 and 2007 amounted to EUR 447,700 thousand and EUR 331,845 thousand, respectively and is recognised under "Revenue" in the consolidated income statements for 2008 and 2007, respectively. For work in progress at 31 December 2008, the cumulative amount of costs incurred and of gains recognised to that date amounted to EUR 1,292,027 thousand (EUR 858,573 thousand for work in progress at 31 December 2007).

The amount of ordinary income (variation in the stage of completion resulting from the stage of completion relating to sales) of the firm wind farm and solar farm sales contracts which at 31 December met the characteristics indicated in Note 3-b for the application of the stage of completion method in 2008 and 2007 amounted to EUR 82,085 thousand and EUR 166,048 thousand and is recognised under "Profit for the Year from Discontinued Operations" (see Note 8). Also, for work in progress at 31 December 2008, the cumulative amount of costs incurred and of gains recognised to that date (see Note 8) amounted to EUR 555,588 thousand (EUR 482,365 thousand for work in progress at 31 December 2007).

Accounts receivable from contract customers for the stage of completion relating to sales included under "Trade and Other Receivables", net of the advances received at 31 December 2008 amounted to EUR 241,790 thousand (31 December 2007: EUR 408,304 thousand). In discontinued operations (see Note 8), the amount recognised in relation to accounts receivable from contract customers for the stage of completion relating to sales, net of the advances received at 31 December 2008 amounted to EUR 364,243 thousand (31 December 2007: EUR 315,048 thousand).

Accounts receivable from contract customers for the stage of completion relating to sales included under "Trade Receivables from Related Companies", net of the advances received (see Note 32) at 31 December 2008 amounted to EUR 50,829 thousand (31 December 2007: EUR 104,081 thousand). In discontinued operations (see Note 8), the amount recognised in relation to accounts receivable from contract customers for the stage of completion relating to sales, net of the advances received from related companies at 31 December 2008 amounted to EUR 148,901 thousand (31 December 2007: EUR 107,317 thousand).

18. Equity of the Parent

a) Share capital-

El At 31 December 2008 and 2007, the share capital of GAMESA consisted of 243,299,904 fully subscribed and paid ordinary shares of EUR 0.17 par value each, traded by the book-entry system. The shares of GAMESA have been traded on the Spanish Stock Market Interconnection System since 31 October 2000, and they are included in the IBEX 35 index.

Per public information in the possession of GAMESA, the shareholder structure of GAMESA at 31 December 2008 was as follows:

	% of ownership
Iberdrola, S.A. (Note 32)	23,95%
Lolland, S.A.	5,00%
Blackrock Investment Management, LTD	3,36%
Marsico Capital Management, LLC	3,10%
Barclays Bank, PLC	3,01%
Other (*)	61,58%
Total	100,00 %

(*)All with an ownership interest of less than 10%.

b) Share premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Unrealised asset and liability revaluation reserve-

The changes in this reserve in 2008 and 2007 were as follows:

	Thousands of euros						
	01.01.07	Change in fair value	Amount taken to profit or loss	31.12.07	Change in fair value	Amount taken to profit or loss	31.12.08
Cash flow hedges:							
Interest rate swaps (*)	14,663	7,778	(6,132)	16,309	(16,895)	(6,364)	(6,950)
Foreign currency hedges	(3,356)	(136)	(1,695)	(5,187)	5,184	(8,254)	(8,257)
	11,307	7,642	(7,827)	11,122	(11,711)	(14,618)	(15,207)
Deferred taxes arising on revaluation of unrealised assets and liabilities(*)	(3,943)	(1,631)	2,348	(3,226)	1,007	4,269	2,050
Total	7,364	6,011	(5,479)	7,896	(10,704)	(10,349)	(13,157)

(*) Includes cash flow hedges relating to assets classified as held for sale (see Note 8).

d) Other reserves

The detail of "Other Reserves" in the consolidated balance sheet is as follows:

	Thousands of euros	
	2008	2007
Restricted reserves-		
Legal reserve	8,272	8,272
Revaluation reserve	1,139	1,139
Reserve for redenomination of capital in euros	1	1
Reserve for treasury shares	30,825	22,639
	40,237	32,051
To voluntary reserves	106,277	86,424
Reserves attributable to the consolidated companies	879,734	738,702
Reserve for companies accounted for using the equity method (Note 12)	1,166	-
Reserves at fully consolidated companies	878,568	738,702
Total	1.026,248	857,177

Legal reserve

Under the Consolidated Spanish Companies Law, Spanish companies that report profits must transfer 10% of the net profit for each year 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.

Revaluation reserve Álava Regulation 4/1997

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 period for reviewing this account by the tax authorities has ended, the balance of this reserve can be used to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 January 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If this balance were used in a manner other than that provided for in Álava Regulation 4/1997, of 7 February, it would be subject to tax.

Treasury shares

On 5 May 2005, the Board of Directors of GAMESA resolved to make use of the powers granted by the shareholders at the Annual General Meeting held on 28 May 2004 to implement a share option plan and a share-based bonus plan under the terms and conditions approved by the shareholders.

In this respect, on 10 August 2005, GAMESA arranged a swap and forward transaction with a bank to cover the aforementioned share option plan. Under the related agreement, GAMESA undertook to buy on maturity (set for 7 June 2011) a maximum of 2,212,000 shares. The acquisition price was set at EUR 11.019 per share.

As consideration, the bank receives interest on the notional amount of the transaction, which GAMESA recognises as finance costs on an accrual basis. In turn, GAMESA receives the dividends declared on the 2,212,000 shares.

Since the risks inherent to fluctuations (upwards or downwards) in the market price of these treasury shares with respect to the aforementioned price per share and the economic rights (dividends) thereon are still borne by GAMESA, this transaction was classified under "Equity – Treasury Shares" and "Non-Current Liabilities - Bank Borrowings" in the accompanying consolidated balance sheet. At 31 December 2008, the treasury shares held by the Company in this connection amounted to EUR 13,272 thousand. In 2008 the Company credited EUR 9,367 thousand to "Equity – Treasury Shares" as a result of the options exercised by various executives under the share option plan.

On 30 May 2008, as in prior years, the shareholders at the Annual General Meeting of GAMESA resolved to authorise the acquisition of shares issued by GAMESA by the Board of Directors, representing up to 5% of the share capital, which can be used by GAMESA, inter alia, for their delivery to the employees or directors of the Company, either directly or as a result of the exercise of options or other rights envisaged in the incentive plans held by them or of which they are beneficiaries in accordance with the law, the bylaws or the related regulations. In 2008 GAMESA made various acquisitions of treasury shares. At 31 December 2008, GAMESA held a total of 2,804,498 treasury shares.

The detail and movement of total treasury shares and of the heading "Equity – Treasury Shares" arising from the transactions performed in 2008 are as follows:

	No. of shares	Thousands of euros
Balance at 1 January 2007	2,212,000	(24,374)
Exercise of options by executives	(157,480)	1,735
Balance at 1 January 2008	2,054,520	(22,639)
Additions	1,600,000	(17,553)
Exercise of options by executives	(850,022)	9,367
Balance at 31 December 2008	2,804,498	(30,825)

At the date of authorisation for issue of these consolidated financial statements, the Board of Directors had not yet decided in relation to the ultimate destination of the aforementioned treasury shares.

Reserves attributable to the consolidated companies

The detail, by company, of "Reserves Attributable to the Consolidated Companies" at 31 December 2008 and 2007 is as follows:

Company or Group of Companies	Thousands of euros	
	2008	2007
Reserves at fully consolidated companies		
Other reserves of the Parent	(282)	(18.,748)
Gamesa Energía, S.A. and subsidiaries		
"Generation" subgroup	460,406	376,221
"Manufacturing" subgroup	467,419	385,949
"Solar power" subgroup	-	10,751
	928,991	772,921
Gamesa Technology Corporation, Inc and subsidiaries	(54,459)	(19,197)
Gamesa Nuevos Desarrollos, S.A. and subsidiaries	(776)	(1,376)
Cametor, S.L.	6,260	5,102
Reserves at companies accounted for using the equity method		
Windar Renovables, S.L. (Note 12)	1,166	-
Total	879,734	738,702

19. Bank borrowings

The GAMESA Group manages its capital in order to guarantee the continuity of its operations and maximise the value thereof for its shareholders through the optimisation of debt and equity in the balance sheet.

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 as described in Note 18.

At 31 December 2008, the Gamesa Group was within the parameters set by management for the management of this risk, as the ratio of debt (net of cash) to equity attributable to the Parent was -4.21% (16.32% at 31 December 2007).

The detail, by maturity, of the outstanding bank borrowings at 31 December 2008 and 2007 is as follows:

	Thousands of euros								
			Borrowings at 31 december 2008						
			Current Maturity	Non-current maturities					
	Balance at 31/12/07	Balance at 31/12/09	2009	2010	2011	2012	2013	2014 and susbequent years	Total non current
Loans in euros	677,631	399,946	149,538	123,702	36,697	25,459	25,459	39,091	250,408
Loans in foreign currencies-									
US dollars (Note 3-f)	155,464	65,662	61,065	144	3,603	144	144	562	4,597
	155,464	65,662	61,065	144	3,603	144	144	562	4,597
TOTAL	833,095	465,608	210,603	123,846	40,300	25,603	25,603	39,653	255,005

At 31 December 2008, the GAMESA Group had been granted loans and undrawn credit facilities that accounted for 65.51% (31 December 2007: 87.5%) of the total financing granted to it, which mature between 2009 and 2015 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at 31 December 2008 and 2007 bore annual weighted average interest at approximately 4.60% and 4.57%, respectively.

Certain of the contracts for the loans arranged by the GAMESA Group companies provide for certain obligations including most notably the achievement of certain financial ratios that tie the capacity to generate operating cash flows to the level of indebtedness and the financial burden. 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 GAMESA Group considers that these conditions are being met and will continue to be met in the future in the normal course of business.

At 31 December 2008, the GAMESA Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 21.

The sensitivity of the market value of bank borrowings to interest rate changes and their position at 31 December 2008 and 2007 is as follows:

	Thousands of euros			
	Interest rate change			
	2008		2007	
	+ 0.25%	- 0.25%	+ 0.5%	- 0.25%
Change in the value of the borrowings	1,410	(1,410)	2,799	(2,799)

The sensitivity of the market value of foreign currency bank borrowings to exchange rate and interest rate changes and their position at 31 December 2008 and 2007 are as follows:

	Thousands of euros							
	2008				2007			
	Interest rate change (EUR)		Foreign exchange rate changes (EUR/USD)		Interest rate change (EUR)		Foreign exchange rate changes (EUR/USD)	
	+0.25%	−0.25%	+5%	−5%	+0.25%	−0.25%	+2.5%	−2.5%
Change in the value of the borrowings	129	(129)	3,127	(3,456)	-	-	3,886	(3,886)

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 21).

20. Other current financial assets

The detail of "Other Current Financial Assets" in the accompanying consolidated balance sheets at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	31.12.08	31.12.07
Short-term investment securities	3	99
Other loans	68,372	11,109
Short-term deposits and guarantees	158	13,078
Total	68,533	24,286

"Other Loans" includes EUR 55,137 thousand relating to the balance drawn down on the loan granted in the form of a credit facility by GAMESA to Pasajesol, S.L. on 19 May 2008, amounting to a maximum of EUR 60,000 thousand, which earns interest at EURIBOR plus a spread of 0.80%, the purpose of which is to finance the construction of a photovoltaic farm. At 31 December 2008, the maturity date of the loan, the loan had not yet been repaid. In any event, the directors of GAMESA consider that this loan will be repaid to the Company during the first few months of 2009, and, accordingly, did not recognise any impairment losses in this connection. The interest earned on this loan in 2008 amounted to EUR 2,570 thousand (see Note 29-f), none of which had yet been collected at 31 December 2008.

Conversely, since 2007 interest has been generated on the deferred amount of the sale price of Gamesa Aeronáutica, S.A. which was sold in 2006. At 31 December 2008, the amount recognised by GAMESA under "Other Loans" in this connection amounted to EUR 2,836 thousand, of which EUR 1,265 thousand arose in 2008 and was recognised with a credit to "Finance Income" in the accompanying consolidated income statement (see Note 29-f).

Also, the Gamesa Aeronáutica, S.A. sales agreement entitled GAMESA to receive EUR 10,142 thousand from the purchaser before 31 December 2008, to consolidate the balances held by both companies for the consolidated tax regime. This amount did not give rise to a higher sale price or higher profit from the transaction. Of this amount, EUR 5,071 thousand

was collected by GAMESA in 2008. The directors of GAMESA estimate that the remaining amount will be paid during the first few months of 2009, and, accordingly, it did not recognise any impairment losses in this connection.

Other current financial assets earn interest at a rate between zero and Euribor plus a market spread.

The fair value of these financial instruments at 31 December 2008 and 2007 does not differ significantly from their carrying amount.

21. Derivative financial instruments

The GAMESA Group uses derivative financial instruments to hedge the risks to which its future activities, transactions and cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the valuation of derivatives in the consolidated balance sheets at 31 December 2008 and 2007 is as follows:

	Thousands of euros							
	2008				2007			
	Current maturity		Non-current maturities		Current maturity		Non-current maturities	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INTEREST RATE HEDGES:								
Cash flow hedges:								
Interest rate swaps	–	709	–	4,155	8,559	–	7,750	–
FOREIGN CURRENCY HEDGES:								
Cash flow hedges:								
Foreign currency hedges	331	8,588	–	–	170	5,357	–	–
Fair value hedges:								
Foreign currency hedges	5,256	11,181	–	–	17,362	1,750	–	–
NON-HEDGING DERIVATIVES:								
Raw material derivatives	–	512	–	–	–	–	–	–
	5,587	20,990	–	4,155	26,091	7,107	7,750	–

To offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group credited EUR 6,364 thousand and EUR 6,132 thousand to "Finance Costs" in the consolidated income statements for 2008 and 2007, respectively (see Note 29-g), with a charge to "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" (see Note 18) under which they had previously been classified.

The GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the corresponding company. Also, the GAMESA Group designates hedges to cover the foreign currency risk associated with certain intra-Group monetary transactions between companies with different functional currencies, the results of which are not fully eliminated upon consolidation in accordance with applicable accounting regulations. These hedging transactions mature in 2009 and 2010. At 31 December 2008 and 2007, the total nominal value of the items on which foreign exchange hedges had been arranged was as follows:

	Thousands of euros	
Currency	2008	2007
US dollars	388,726	190,000
Chinese yuan	102,242	-

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 2008 and 2007, the nominal value of the liabilities hedged by interest rate hedges amounted to EUR 350,000 thousand and EUR 605,000 thousand, respectively. All these hedging transactions mature in 2010.

The main features of the cash flow hedges are as follows:

	Estimated period of cash flows			
	2009	2010 and subsequent years	Charge/ credit to revaluation reserve (Nota 18.c)	Charge/credit to income (Nota 18.c)
Interest rate	50,000	300,000	(16,895)	(6,364)
Foreign currency	102,242	-	5,184	(8,254)

No ineffectiveness was disclosed in the hedges designated by the GAMESA Group.

The fair value of the derivative financial instruments was calculated by discounting future cash flows on the basis of the exchange rate curve obtained from independent information sources such as Bloomberg, or through the valuation furnished by counterparties.

a) Credit risk

The breakdown of the risk, by geographical area and counterparty type, indicating the carrying amount thereof at the relevant dates, was as follows:

	2008		2007	
	thousands of euros	%	Thousands of euros	%
By geographical area:				
Spain	3,718	66.5%	16,728	49.4%
Other European Union countries	1,538	27.5%	14,306	42.3%
Rest of the world	331	6.0%	2,807	8.3%
	5,587	100.0%	33,841	100.0%
By counterparty:				
Banks	5,587	100.0%	33,841	100.0%
	5,587	100.0%	33,841	100.0%

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

	2008		2007	
	thousands of euros	%	Thousands of euros	%
Risks classified as AA	3,718	66.5%	32,995	97.6%
Risks classified as AA-	1,538	27.5%	765	2.3%
Risks classified as A+	331	6.0%	81	0.1%
	5,587	100.0%	33,841	100.0%

b) Market risk

The sensitivity of the market value of the hedging derivatives arranged by the GAMESA Group to interest rate and exchange rate changes is shown in the tables below:

	Thousands of euros			
	Interest rate change			
	2008		2007	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in fair value of hedge	2,723	(2,723)	3,077	(3,101)

	Thousands of euros			
	Exchange rate change			
	2008		2007	
	+ 5%	- 5%	+ 5%	- 5%
Change in fair value of hedge	23,237	(25,682)	15,558	(17,195)

22. Provisions for contingencies 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 2008 and 2007 is as follows:

Thousands of euros				
	Provisions for litigation, termination benefits, taxes and similar	Provisions for warranties	Other provisions for contingencies and charges	Total provisions
Balance at1 January 2007	7,533	113,240	3	120,776
Period provisions charged to income	5,413	141,669	-	147,082
Change in the consolidation method (Note 2-g)	-	(44)	-	(44)
Reversal due to excessive provisions	(2,325)	(316)	(3)	(2,644)
Provisions used	(1,177)	(54,950)	-	(56,127)
Translation differences	-	(2,735)	-	(2,735)
Transfers to other current liabilities	(3,075)	-	-	(3,075)
Balance at 31 December 2007	6,369	196,864	-	203,233
Period provisions charged to income	21,332	177,902	-	199,234
Reversal due to excessive provisions	-	(9,367)	-	(9,367)
Provisions used	-	(127,759)	-	(127,759)
Translation differences	-	2,513	-	2,513
Transfers to other liabilities	(4,932)	(462)	-	(5,394)
Transfer to liabilities associated with assets classified as held for sale (Note 8)	(955)	(8,392)	-	(9,347)
Balance at 31 December 2008	21,814	231,299	-	253,113

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 each balance sheet date 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 when the litigation will end and, therefore, it does not make an estimate of the specific dates of the cash outflows, thereby considering the effect of a potential discount to present value to be immaterial.

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 WGTS sale agreement (generally two years). The increase in this provision arose mainly from the fact that the GAMESA Group broadened its product portfolio in the market and its increased presence in new continents. In this connection, "Provisions for Warranties" includes a provision for the repairs

required to correct certain defects in the manufacture of blades identified in 2008 which was charged to the accompanying consolidated income statement.

In 2008 the Company made a provision of EUR 21,332 thousand resulting from a claimed filed by a former Group customer. This dispute had a negative outcome for the Group which paid the aforementioned amount in January 2009.

23. Other non-current liabilities

"Other Non-Current Liabilities" on the liability side of the consolidated balance sheet at 31 December 2008 included basically refundable advances from the Gamesa Eólica, S.L. subgroup. These advances were granted by the Ministry of Science and Technology to finance its R&D projects. These advances are interest-free and are repayable over seven or ten years, following a three-year grace period. The non-current portion of these advances amounted to EUR 41,278 thousand at 31 December 2008 (31 December 2007: EUR 40,101 thousand).

Non-current borrowings arising from loans granted by the Ministry of Science and Technology are refundable advances to carry out R&D projects. Although the financial liability should be recognised at its present value and the difference up to its repayment value as an implicit aid should be recognised as income on a systematic basis, over the periods required to offset them with the related costs, it was not recognised in the aforementioned manner and, therefore, does not include the finance cost or the implicit aid, given that the carrying amount of the abovementioned borrowings which did not bear any interest at 31 December 2008 reasonably reflects the amortised cost using the effective interest rate, the difference of which is not material.

24. Minority interests

The detail of "Equity - Of Minority Interests" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2008 and 2007 is as follows:

	Thousands of euros
Balance at 1 January 2007	718
Profit for the year	2,923
Other changes	(1,303)
Balance at 31 December 2007	2,338
Profit for the year	1,943
Navitas Energy, Inc.	(1,237)
Compass Transworld Logistics, S.A.	3,112
Other changes	357
Balance at 31 December 2008	6,513

On 19 May 2008, the GAMESA Group increased its ownership interest in Navitas Energy, Inc from 77.59% to 94.63%. Compass Transworld Logistics, S.A. (in which it holds a 49% minority interest) increased its share capital in 2008 to EUR 6,861 thousand (31 December 2007: EUR 511 thousand).

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 2008 and 2007 is as follows:

	Thousands of euros							
	01.01.07	Allocation and/or credit (charge) to income	Credit (charge) to asset and liability revaluation reserve	Transfer from current assets	Change in the scope	Translation diferences	Changes in the consolidation method (Note 2.g)	31.12.07
Deferred tax assets:								
Measurement of derivative financial instruments	1,206	574	(157)	-	-	-	-	1,623
Derecognition of start-up costs	688	(174)	-	(394)	-	-	-	20
Tax loss and tax credit carryforwards (*)	17,133	35,520	-	26,474	-	(1,583)	-	77,544
Other	15,493	20,213	-	(2,662)	(12)	(1,031)	(95)	31,906
	34,520	56,133	(157)	23,418	(12)	(2,614)	(95)	111,193
Deferred tax liabilities:								
Measurement of derivative financial instruments	(5,149)	-	873	-	-	-	-	(4,276)
Deductible goodwill	(15,969)	(2,281)	-	-	-	-	-	(18,250)
Other	(21,359)	(7,755)	-	-	-	527	8	(28,579)
	(42,477)	(10,036)	873	-	-	527	8	(51,105)

	Thousands of euros						
	01.01.08	Allocation and/or credit (charge) to income	Credit (charge) to asset and liability revaluation reserve	Exclusions form the scope of consolidation	Translation differences	Transfers to assets classified as held for sale (Note 8)	31.12.08
Deferred tax assets:							
Measurement of derivative financial instruments (Note 21)	1,623	-	1,449	(1,607)	1	-	1,466
Derecognition of start-up costs	120	(34)	-	-	-	(15)	71
Tax loss and tax credit carryforwards (*)	77,544	22,949	-	-	1,329	-	101,822
Other	31,906	17,335	-	(269)	1,934	2,949	53,855
	111,193	40,250	1,449	(1,876)	3,264	2,934	157,214
Deferred tax liabilities:							
Measurement of derivative financial instruments (Note 21)	(4,276)	(573)	3,988	-	-	861	-
Deductible goodwill	(18,250)	(4,564)	-	-	-	-	(22,814)
Other	(28,579)	(4,984)	-	17	(957)	350	(34,153)
	(51,105)	(10,121)	3,988	17	(957)	1,211	(56,967)

(*) The additions to deferred tax assets credited to the consolidated income statement for 2008 for tax loss and tax credit carryforwards generated in previous years amount to EUR 1,012 thousand (2007: EUR 4,781 thousand).

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

26. Tax receivables and payables

The detail of "Current Assets – Tax Receivables" and "Other Payables – Tax Payables" on the asset and liability sides, respectively, of the consolidated balance sheet at 31 December 2008 and 2007 is as follows:

	Thousands of euros	
	2008	2007
Tax receivables -		
VAT refundable	5,398	31,557
Tax withholdings and prepayments	6,915	-
Sundry tax receivables	20,918	40,462
	33,231	72,019
Tax payables -		
VAT payable	16,094	48,603
Tax withholdings payable	5,577	5,401
Income tax payable	47,107	26,081
Other tax payables	-	10,969
Accrued social security taxes payable	4,049	3,810
	72,827	94,864

27. Income tax expense

Since 2002 GAMESA and certain of its subsidiaries subject to Álava corporation tax legislation have filed their income tax returns under the special consolidated tax regime. GAMESA is the Parent of the tax group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated tax returns in the US, with Gamesa Technology Corporation, Inc as the Parent of the Tax Group.

The other consolidated companies file individual tax returns.

In 2008 the GAMESA Group performed various corporate restructuring transactions under the special tax neutrality regime provided for in tax legislation, and the mandatory disclosures are included in the individual financial statements of the companies involved.

The difference between the tax charge for each year and the tax payable for that year, classified under "Deferred Tax Assets" and "Deferred Tax Liabilities" on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2008 and 2007, arose as a result of the following:

- Temporary differences arising from the differences between the carrying amounts of certain assets and liabilities and their tax bases. The most significant of these temporary differences relate to the assets and liabilities arising from the measurement of derivatives, deductible goodwill and the different procedure for depreciating and amortising property, plant and equipment and intangible assets, respectively, under IFRSs described in Note 3.

- Temporary differences arising from the accelerated depreciation and amortisation tax benefit taken on certain assets assigned to research and development activities.

- The different accounting and tax methods for recognising certain provisions.

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

	Thousands of euros	
	2008	2007
Current tax	32,330	20,374
Deferred taxes	(30,129)	(45,852)
Total	2,201	(25,478)

The income tax expense for 2008 and 2007 was determined as follows:

	Thousamds of euros	
	2008	2007
Consolidated profit before tax	159,140	96,834
Permanent differences:		
- Other permanent differences	(26,888)	(56,707)
Adjusted accounting profit	132,252	40,127
Gross tax calculated at the tax rate in force in each country (*)	29,528	7,686
Tax credits	(22,242)	(33,164)
2007 income tax settlement adjustment	(5,085)	-
Income tax expense	2,201	(25,478)

(*) The fully consolidated foreign subsidiaries calculate the 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

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 future periods. In this connection, the various GAMESA Group companies have EUR 32,220 thousand of tax loss carryforwards available for offset in future years. They also have unused tax credits amounting to EUR 69,602 thousand (see Note 25).

At 31 December 2008, the GAMESA Group companies had unrecognised tax assets. Also, the Group has unrecognised tax losses amounting to approximately EUR 907 thousand and tax credits earned before they began filing tax returns under the special consolidated tax regime amounting to approximately EUR 6,765 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.

Under current legislation taxes cannot be considered to be definitively settled until the tax returns filed have been reviewed by the tax authorities or the four-year statute of limitation period has elapsed. At 2008 year-end the consolidated tax group of the GAMESA group had 2005 and subsequent years open for review for income tax. GAMESA also has 2005 and subsequent years open for review in relation to all other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled. 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 impact on the accompanying consolidated financial statements.

The applicable legislation to the 2008 income tax settlement is Álava Regulation 24/1996, of 5 July, as amended by Álava Regulation 13/2007, of 26 March and Álava Regulation 21/2008, of 18 December which remain in force and establish, inter alia, a tax rate of 28%.

On 11 September 2008, the Court of Justice of the European Union handed down a decision in relation to the request for a preliminary ruling from the Basque Country High Court by orders of September 2006. With regard to this judgement from the Court of Justice of the European Union, in 2008 the Basque Country High Court dismissed various appeals against Álava corporation tax legislation. However, its decision has been appealed before the Supreme Court.

The Company's directors calculated the income tax for 2008 and for the years open for review pursuant to the Álava legislation in force at the end of each year, since they considered that the final outcome of the various court proceedings and appeals filed in this connection would not have a significant impact on the consolidated financial statements taken as a whole.

28. Obligations and guarantees to third parties

At 31 December 2008, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting to EUR 1,821,249 thousand (2007: EUR 1,603,511 thousand). The detail, by type, of the guarantees received by the GAMESA Group is as follows:

	Thousands of euros	
	2008	2007
Financing guarantees	54,533	905
Business contract guarantees	1,662,458	1,522,372
Guarantees provided to the government	104,258	80,234
Total	1,821,249	1,603,511

On 19 December 2008, Gamesa Eólica, S.L. (an indirectly wholly-owned investee of Gamesa Corporación Tecnológica, S.A. – Parent of the GAMESA Group) entered into a financing agreement with the European Investment Bank for a maximum of EUR 200 million, divided into two parts, EUR 140 million and EUR 60 million, respectively. Gamesa Corporación Tecnológica, S.A., together with other GAMESA Group companies, directly or indirectly 100% owned by it, are joint and several guarantors on first demand to the European Investment Bank with respect to the repayment of the principal, interest, commissions, expenses or any other items, in the event that Gamesa Eólica, S.L. is unable to meet the repayment thereof. At 31 December 2008, the GAMESA Group had not drawn down any amounts on this loan.

The GAMESA Group considers that the liabilities, if any, which might arise from the guarantees received, other than those for which provisions were recorded at 31 December 2008, would not be material.

29. Income and expenses

a) Revenue and other operating income -

The detail of these headings in the 2008 and 2007 consolidated income statements, is as follows:

	Thousand of euros	
	2008	2007
Sale of goods (Note 17)	3,125,569	2,596,670
Rendering of services	520,606	270,371
Revenue	3,646,175	2,867,041
Grants related to income (Note 3-g)	230	32
Group work on non-current assets (Note 3-j)	62,686	48,352
Other income	4,204	10,338
Other operating income	67,120	58,722

b) Procurements -

The detail of "Procurements" in the consolidated income statements for 2008 and 2007, is as follows:

	Thousand of euros	
	2008	2007
Purchases of raw materials and other supplies	2,792,610	2,041,957
Changes in inventories of goods held for resale and raw materials (Note 14)	15,148	234,378
	2,807,758	2,276,335

c) Staff costs

The breakdown of "Staff Costs" in the 2008 and 2007 consolidated income statements is as follows:

	Thousands of euros	
	2008	2007
Wages and salaries	206,909	165,846
Termination benefits (Note 3-p)	2,481	2,574
Employer social security costs	44,829	37,443
Other employee benefit costs	12,611	8,309
	266,830	214,172

The average number of employees and directors in 2008 and 2007, by professional category, was as follows:

	Average number of employees and directors			
	2008			2007
	Men	Women	Total	Total
Directors	9	-	9	10
Senior executives	76	7	83	106
Management personnel	1,957	653	2,610	1,657
Other employees	3,309	1,103	4,412	4,720
Total (*)	5,351	1,763	7,114	6,493

(*) Including 309 employees in 2008 and 476 employees in 2007 corresponding to discontinued operations in 2008 (see Note 8)

d) Other operating expenses

The breakdown of "Other Operating Expenses" in the 2008 and 2007 consolidated income statements is as follows:

	Thousands of euros	
	2008	2007
Rent and royalties	37,370	28,503
Repair, upkeep and maintenance expenses	15,766	8,038
Independent professional services	37,899	29,298
Transport expenses	18,283	5,682
Insurance	19,574	14,415
Banking and similar services	10,469	7,780
Advertising, publicity and public relations	3,529	2,810
Utilities	23,633	14,482
Travel expenses	30,117	23,685
Telecommunications	8,433	6,739
Security	9,056	5,601
Cleaning	2,223	1,860
Outsourcing	61,588	46,279
Taxes other than income tax	9,670	2,174
Other current operating expenses	43,633	39,340
	331,243	236,686

The aggregate amount of R&D expenditure recognised as an expense in 2008 was EUR 1,521 thousand (2007: 2,376 thousand).

In 2007 and 2006 the GAMESA Group disposed of a number of buildings owned by it at market price, recognising gains of EUR 1,313 thousand and EUR 9,753 thousand, respectively in the consolidated income statement. Leases were subsequently arranged on the same buildings which were considered to be operating leases, since they meet the requirements to be considered as such (see Note 3-e). The term of these leases was between 10 and 12 years. The monthly charge in 2008 to the accompanying consolidated income statement for the leases on these buildings amounted to approximately EUR 166 thousand (2007: EUR 161 thousand).

At 31 December 2008, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group totalled approximately EUR 41,765 thousand (31 December 2007: EUR 47,633 thousand). Of these payments, approximately EUR 10,515 thousand will be paid in 2009, EUR 13,120 thousand between 2010 and 2011, and the remainder between 2012 and 2017.

At 31 December 2008, the Company recognised EUR 2,106 thousand under "Long-Term Deposits and Guarantees" (see Note 13) in respect of existing leases.

e) Depreciation and amortisation charge and provisions

The breakdown of "Depreciation and Amortisation Charge and Provisions" in the 2008 and 2007 consolidated income statements is as follows:

	Thousands of euros	
	2008	2007
Property, plant and equipment depreciation charge (Note 11)	58,349	50,615
Intangible asset amortisation charge (Note 10)	33,682	26,094
Change in operating provisions for guarantees and other (Note 22)	189,867	146,059
Change in write-downs of inventories (Note 14)	14,494	(1,617)
Change in other operating allowances and provisions	(8,637)	(549)
	287,755	220,602

f) Finance income

The breakdown of "Finance Income" in the 2008 and 2007 consolidated income statements is as follows:

	Thousands of euros	
	2008	2007
Income from current financial assets (Note 20)	6,591	691
Other finance and similar income	23,670	9,797
	30,261	10,488

g) Finance costs

The breakdown of "Finance Costs" in the 2008 and 2007 consolidated income statements is as follows:

	Thousands of euros	
	2008	2007
Finance and similar costs (Note 19)	77,821	68,187
Valuation adjustments to derivatives (Note 21)	(6,364)	(6,132)
Losses on financial assets	4	-
	71,461	62,055

30. Remuneration of directors

In 2008 the directors of GAMESA earned attendance fees, wages and salaries and other income amounting to approximately EUR 2,629 thousand (2007: EUR 2,208 thousand). This amount includes EUR 1,238 thousand of fixed remuneration (2007: EUR 742 thousand), EUR 423 thousand of variable remuneration (2007: EUR 300 thousand), EUR 763 thousand of attendance fees (2007: EUR 987 thousand) and EUR 205 thousand of bylaw-stipulated directors' emoluments (2007: EUR 179 thousand) and third-party liability, life and accident insurance premiums. Additionally, and on the basis of the type of director, EUR 1,529 thousand relate to executive directors (2007: EUR 1,110 thousand), EUR 357 thousand to non-executive proprietary directors (2007: EUR 448 thousand), EUR 545 thousand to non-executive independent directors (2007: EUR 541 thousand) and EUR 198 thousand to other non-executive directors (2007: EUR 109 thousand). No advances or loans were granted to current or former Board Members and there are no pension obligations to them.

Pursuant to Article 127 ter.4 of the Spanish Companies Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988, of 28 July, and the consolidated Spanish Companies Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Gamesa Corporación Tecnológica, S.A. in which the former or current members of the Board of Directors own equity interests and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of business	Number of shares	Functions
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electricity industry	76.684.584 (800 direct voting rights and 76.683.784 indirect voting	Deputy Chairman, member of the Executive Standing Committee and member of the nomination and remuneration committee
IBERDROLA, S.A.	Iberdrola Renovables, S.A.	Electricity industry	3.379.251.920	None
	Iberdrola Generación, S.A.	Electricity industry	444.469.000	Sole director
	Iberdrola Energía, S.A.	Electricity industry	49.097.370	Sole director
	Iberdrola Ingeniería y Construcción, S.A.U.	Electricity industry	110.000	Sole director
	Scottish Power, Limited	Electricity industry	106.197.793	None
Velasco Gómez, Pedro	Iberdrola, S.A.	Electricity industry	19.281	Non-energy businesses and real estate manager
Carlos Fernández – Lerga Garralda	Iberdrola Renovables, S.A.	Electricity industry	398	None
Alcolea Cantos, José Miguel (representative of IBERDROLA, S.A.)	Iberdrola, S.A.	Electricity industry	27.106	Corporate legal services manager

In 2008 the other Board members did not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of GAMESA. Also, the current or former directors have not performed and are not currently performing any activity, as independent professionals or as employees, which is identical, similar or complementary to the activity that constitutes the company object of GAMESA.

31. Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to the Parent's General Managers and persons who perform similar functions - excluding those who were simultaneously members of the Board of Directors (whose remuneration is detailed above) – amounted to EUR 6,125 thousand in 2008 (2007: EUR 3,293 thousand).

In addition to the information furnished relating to the total remuneration earned in 2008 by the senior executives who are not executive directors, it should be noted that the indicated amount includes the full amount of EUR 2,945 thousand as a result of having exercised the share options in the 2005 - 2007 plan (see Notes 3-q and 18).

In 2008 there were no transactions with executives other than those carried out in the ordinary course of business.

32. Balances and transactions with related parties

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them in 2008 were eliminated on consolidation. The detail of the transactions with associates that are related parties and which were not eliminated on consolidation in 2008 and 2007 is as follows:

	Thousands of euros			
	2008			
	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 8, 18 and 33-b)	139,395	471,378	758,700	3,305
Windar Renovables, S.L. and subsidiaries (Note 2-g and 12)	42,050	1,313	148,642	194,822
TOTAL RELATED COMPANIES	181,445	472,691	907,342	198,127

The detail of transactions performed with associates which are related parties and which were not eliminated on consolidation, included under assets (and liabilities associated with assets) classified as held for sale (see Note 8) is as follows:

	Thousands of euros			
	2008			
	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 8, 18 and 33-b)	175,961	12,932	101,401	452
TOTAL RELATED COMPANIES	175,961	12,932	101,401	452

	Thousands of euros			
	2007			
	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 8, 18 and 33-b) (*)	233,835	18,609	890,690	1,100
Windar Renovables, S.L. and subsidiaries (Note 2-g and 12)	23,879	72,592	78,450	90.486
Corporación IBV, Servicios y Tecnologías, S.A.	-	7	-	-
TOTAL RELATED COMPANIES	257,714	91,208	969,140	91.586

(*) These amounts include balances receivable of EUR 211,398 thousand, balances payable of EUR 2,542 thousand, sales and services rendered amounting to EUR 128,667 thousand and services received of EUR 132 thousand relating to the Generation business (see Note 8).

Agreements relating to the Generation business (see Note 8):

On 26 October 2005, the GAMESA Group executed a framework agreement with Iberdrola Renovables, S.A. consisting of a commitment to acquire ownership interests in companies owning wind farms in Andalucía and Italy up to a total attributable capacity of 600 MW and 100 MW, respectively.

On 21 December 2007, GAMESA and Iberdrola Renovables, S.A. agreed to update this agreement, whereby Iberdrola Renovables, S.A. acquired the ownership interests in companies owning wind farms primarily located in Andalusia, with a total attributable capacity of 578 MW (which may be increased by the buyer to 594 MW) in accordance with the expected average gains established and guaranteed in the initial agreement, and the deadlines for the start-up of the wind farms (deadline for start-up in the second half of 2009). The projects were updated in accordance with the expected average

time periods and gains considered in the initial agreement. As a result, the GAMESA Group changed the estimated prices on the update made.

On that same date, and also for the period from 2007 to 2009, the GAMESA Group and Iberdrola entered into an agreement to develop 1,000 MW of capacity at wind farms in the US, of which 500 MW will be installed under turnkey arrangements (of which 300 MW relate to firm commitments and 200 MW are subject to a right of acquisition), and 500 MW relate to the acquisition of wind farm developments in progress. The price of this transaction was established on the basis of technical and timing variables and will be between USD 700 million and USD 1,100 million, depending on the final capacity acquired.

Agreements relating to the Manufacturing business:

On 3 October 2006, the GAMESA Group, through its subsidiary Gamesa Eólica, S.L., entered into an agreement with Iberdrola amounting to approximately EUR 2,300 million whereby it will supply WTGSs with a total capacity of 2,700 MW during the period from 2007 to 2009, which are being installed in wind farms in Spain, the rest of Europe, Mexico and the US.

As part of GAMESA's business plan to focus on strategic markets in order to position itself as the supplier of choice for its large customers, on 13 June 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) in which Gamesa Corporación Tecnológica, S.A. indirectly owns all of the shares, and Iberdrola Renovables, S.A. reached an agreement to supply 4,500 MW to wind farms in Europe, Mexico and the US between 2010 and 2012, both inclusive. This agreement includes the assembly and start-up of WTGSs, in addition to the related operation and maintenance services during the warranty period.

Lastly, on 13 June 2008, GAMESA and Iberdrola Renovables, S.A. entered into a strategic agreement under the terms and conditions described in Note 8.

Conversely, Corporación IBV, Servicios y Tecnologías, S.A. (an indirectly 50%-owned investee of the BBVA Group and the Iberdrola Group), sold its ownership interest in the GAMESA Group in 2008. At 31 December 2008, the GAMESA Group had been granted the following loans and credit lines by the BBVA Group:

	Carrying amount at 31/12/07	Interest rate	Maturity	Undrawn amount
Type of transaction				
Bank loans	79,395	Euribor + market spread	2010	35,604
Credit accounts	220	Euribor + market spread	2008-2010	64,782
Other financing agreements	2,129		2013	-
	81,744			100,386

33. Financial position and events after 31 December 2008

a) Financial position

The GAMESA Group does not deem it necessary to obtain additional new funding in order to finance its investment programme scheduled for 2009.

As indicated in Note 19, at 31 December 2008, the GAMESA Group had been granted loans and undrawn credit facilities that accounted for 65.51% of the total financing granted to it (87.5% at 31 December 2007). 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 2009 are fully covered.

b) Events after the balance sheet date

The updated strategic agreement between the GAMESA Group and Iberdrola Renovables, S.A. up to the date on which the accompanying consolidated financial statements were authorised for issue is described in Note 8.

34. Auditors' fees

The fees for financial audit services provided to the various GAMESA Group companies and subsidiaries by the principal auditor and by other entities related to the auditor in 2008 amounted to EUR 1,137 thousand (2007: EUR 1,119 thousand). Also, the fees paid in this connection to other auditors who participated in the audit of various Group companies amounted to EUR 116 thousand (2007: EUR 100 thousand).

In 2008 the principal auditor and other entities related to the auditor provided other review and audit-related services amounting to EUR 56 thousand (2007: EUR 37 thousand), in addition to other professional services to the various Group companies amounting to EUR 1,379 thousand (2007: 1,205 thousand). Also, the fees paid in this connection to other auditors who participated in the audit of various group companies amounted to EUR 1,045 thousand (2007: EUR 1,063 thousand).

35. Earnings per share

At 31 December 2008, the weighted average number of ordinary shares used in the calculation of earnings per share was 241,826,557 shares (31 December 2007: 243,299,904 shares) (see Note 18-a), because in 2008 GAMESA held an average of 1,473,347 treasury shares (see Note 18-d).
The basic earnings per share from continuing operations attributable to the Parent in 2008 and 2007 were as follows:

	2008	2007
Net profit from continuing operations attributable to the Parent (thousands of euros)	156,939	122,312
Average number of shares outstanding	241,826,557	243,299,904
Basic earnings per share from continuing operations (euros)	0.6490	0.5027

The basic earnings per share from continuing and discontinued operations attributable to the Parent in 2008 and 2007 were as follows:

	2008	2007
Net profit attributable to the Parent (thousands of euros)	320,224	220,050
Average number of shares outstanding	241,826,557	243,299,904
Basic earnings per share (euros)	1.3242	0.9044

At 31 December 2008 and 2007, 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 and interpretations

Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following are the most significant standards and interpretations that had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

		Obligatory application in the years beginning on or after
Normas y modificaciones de normas:		
IFRS 8	Operating Segments	1 January 2009
Revisión of IAS23	Borrowing Costs	1 January 2009
Revisión of IAS 1	Presentation of Financial Statements	1 January 2009
Revisión of IFRS 3 (1)	Business Combinations	1 July 2009
Amendment to IAS 27 (1)	Consolidated and Separate Financial Statements	1 July 2009
Amendment to IFR5 2	Vesting Conditions and Cancellations	1 January 2009
Amendment to IAS 32 and IAS 1 (1)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
Amendment to IFRS1 and IAS 27 (1)	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
Amendment to IAS 39 (1)	Eligible Hedged Items	1 July 2009
Interpretations:		
IFRIC 12 (1)	Service Concession Arrangements	(3)
IFRIC 13	Customer Loyalty Programmes	1 January 2009 (2)
IFRIC 14 IAS 19 -	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2009 (2)
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 (1)	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 (1)	Distribution of Non-cash Assets to Owners	1 July 2009

(1)Standards and interpretations not yet adopted by the European Union at the date of preparation of these consolidated financial statements.

(2) Date of obligatory application based on approval in the Official Journal of the European Communities.

(3) This interpretation has not yet been adopted. As published by the Accounting Regulatory Committee (ARC) of the EU, the interpretation will foreseeably be approved for use in the EU with a new effective date which would defer the obligatory application thereof until 2010. (The initial date of entry into force established by the IASB was 1 January 2008).

The directors of the GAMESA Group have assessed the potential impact of the future application of these standards and consider that their entry into force will not have a material impact on the consolidated financial statements.

IFRS 8 Operating Segments.-

This standard replaces IAS 14. The main new development introduced by this new standard is that it requires an entity to adopt a management approach when reporting on the financial performance of its business segments. Generally, the information to be reported will be that used internally by management to assess segment performance and allocate resources to them. The impacts of this standard will basically be at presentation and disclosure level.

Revision of IAS 23 Borrowing Costs.-

The principal change in this new revised version of IAS 23 is the elimination of the option of immediate recognition as an expense of borrowing costs associated with an asset that takes a substantial period of time to get ready for its intended use or sale. This new standard may be applied prospectively.

The directors consider that its entry into force will not affect the consolidated financial statements, since it will not lead to a change in accounting policy, since the Group already capitalises such costs.

Revision of IAS 1 "Presentation of Financial Statements.-

The purpose of the new version of this standard is to improve the ability of users to analyse and compare the information provided in financial statements. These improvements will enable users of consolidated financial statements to analyse changes in equity arising from transactions with owners acting in their capacity as owners (e.g. dividends and share buy-backs) separately from non-owner changes (e.g. transactions with third parties or income and expenses recognised directly in equity). The revised standard provides the option of presenting income and expense items and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of comprehensive income).

IAS 1 also introduces new reporting requirements when the entity applies an accounting policy retrospectively, makes a restatement or reclassifies items in previously issued financial statements, as well as changes in the names of certain financial statements with a view to reflecting their function more clearly (e.g. the balance sheet will be called the statement of financial position).

Revision of IFRS 3 Business Combinations and amendments to IAS 27 Consolidated and Separate Financial Statements.-

These standards were issued as the result of the project for the convergence of the international standard relating to business combinations with US accounting standards. The revised IFRS 3 and the amendments to IAS 27 give rise to very significant changes in several matters relating to accounting for business combinations which, in general, place greater emphasis on the use of fair value. Since the changes are significant, set forth below are certain of these changes, merely for illustration purposes: acquisition costs, which will be taken to expenses rather than be considered to be an increase in the cost of the business combination as per the current accounting treatment; step acquisitions, in which the acquirer revalues the investment at fair value on the date control is obtained; or the option to measure at fair value the minority interests of the acquiree rather than measure them as the proportional part of the fair value of the net assets acquired as per the only current accounting treatment. Since this standard may be applied prospectively, in general, the directors do not expect any significant modifications to arise in connection with the business combinations performed.

Amendment of IFRS 2 Share-based Payment.-

The objective of the amendment to IFRS 2 is basically to clarify in the standard the concepts of vesting conditions and cancellations in share-based payments. The directors of the GAMESA Group consider that the entry into force of this amendment will not affect the consolidated financial statements.

Amendment to IAS 32 and IAS 1 Puttable financial instruments and obligations arising on liquidation.-

The amendments approved relate to the classification of certain financial instruments issued that, although their characteristics might suggest that they represent a residual interest in the entity, under the current IAS 32 they must be classified as financial liabilities since they are, inter alia, puttable. The amendments will allow certain of these financial instruments to be classified as equity provided that they meet certain requirements including that of being the most subordinate instrument and that they represent a residual interest in the net assets of the entity. The directors of the GAMESA Group

consider that the entry into force of this amendment will not affect the consolidated financial statements because the Company has not issued any financial instruments of this nature.

Amendment to IAS 39 Eligible hedged items

This amendment to IAS 39 aims to clarify two specific hedge accounting issues: (a) when inflation can be a hedged risk and (b) when purchase options can be designated as hedges. According to the amendment, inflation may only be hedged if it is a contractually specified portion of the cash flows to be hedged. Only the intrinsic risk and not the time value of an option may be hedged.

The directors consider that the entry into force of the amendment will not have a significant effect on the consolidated financial statements.

IFRIC 12 Service Concession Arrangements.-

Service concession arrangements are arrangements whereby a government or other public sector entity grants arrangements for the provision of public services, such as roads, airports, water and power supplies to private sector operators. The government retains control over the assets but the private operator is responsible for the construction, management and maintenance of the public infrastructure. IFRIC 12 establishes how the concession operators must apply the existing IFRSs when accounting for the rights and obligations assumed under arrangements of this type. The directors consider that the entry into force of this amendment will not have a significant effect on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programmes.-

This interpretation addresses accounting by an entity that grants loyalty bonuses in the form of award credits (through "points", "kilometres", etc.) to customers that buy goods or services. Specifically, it explains how such an entity should account for its obligations to provide free of discounted goods or services (through "points", kilometres", etc.) to customers who redeem those points.

The interpretation requires entities to allocate a portion of the revenue from the initial sale to award credits, recognising them as revenue only when they fulfil their obligations, supplying those awards or paying third parties to do so. The directors consider that the entry into force of this interpretation will not have a significant effect on the consolidated financial statements.

IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides general guidelines on how to check the limit provided for in IAS 19 "Employee Benefits" on the amount of the excess that can be recognised as an asset. It also explains how the pension plan assets or liabilities might be affected when there is a statutory or contractual minimum funding requirement, establishing the need to recognise an additional liability if the entity has a contractual obligation to make additional contributions to the plan and its capacity to recover them is restricted. The interpretation will standardise practices and ensure that entities recognise an asset in relation to an excess on a consistent basis. The directors consider that the entry into force of this interpretation will not have a significant effect on the consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate.-

This interpretation addresses the recognition of revenue and expenses associated with the construction of real estate, helping to clarify when an agreement for the construction of real estate falls under IAS 11 Construction Contracts or when it is within the scope of IAS 18 Revenue and, therefore, depending on the nature of the agreement, when and how they should be recognised.

The directors consider that the entry into force of this interpretation will not affect the consolidated financial statements since the Company applies criteria which is consistent with those currently established in the interpretation.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation.-

This interpretation addresses three main issues: firstly, that the risk arising from the foreign exchange differences between the functional currency of the foreign operation and the presentation currency of the parent may not be hedged. Secondly, It clarifies that the hedging instrument used to hedge the net investment may be held by any group entity, not only by the parent of the foreign operation and, lastly it clarifies how the entity should determine the amounts to be reclassified from equity to profit or loss when the entity disposes of the investment.

The Company's accounting practice in transactions of this nature is in line with the interpretations issued and, therefore, the entry into force of the interpretation is not expected to have any impact on the consolidated financial statements.

IFRIC 17 Distribution of Non-cash Assets to Owners.-

This interpretation addresses the accounting treatment of distributions of assets other than cash to an entity's owners ("dividends in kind"), although the distribution of assets within the same group or between entities under common control is excluded from its scope. The interpretation establishes the recognition of the obligation at the fair value of the asset to be distributed and any difference between this value and the carrying amount of the asset is to be recognised in profit and loss.

This interpretation will have an impact in the future only to the extent that this type of transaction is performed with owners.

The GAMESA Group considers that the other standards and interpretations issued but not yet in force will not a significant effect on the consolidated financial statements.

37. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles

ANNEX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2008

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
FULLY CONSOLIDATED COMPANIES								
A) GAMESA ENERGÍA GROUP								
Gamesa Energía, S.A. (**)	Development of wind farms	Deloitte	Álava	100%	35,491	156,018	309,491	(33,929)
A.1 Wind farms								
• Development of wind farms								
Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen Simplificado, S.A.	Development of wind farms	Deloitte	Vizcaya	100%	1,200	(509)	(615)	(791)
Gamesa Energía Italia, S.P.A.	Development of wind farms	Deloitte	Italy	100%	570	(33)	(25)	471
Gamesa Energiaki Hellas, A.E.	Development of wind farms	Deloitte	Greece	100%	234	72	(84)	134
Gamesa Energía Portugal, S.A.	Development of wind farms	Deloitte	Portugal	100%	475	313	71	172
Gamesa Energie France, E.U.R.L.	Development of wind farms	Deloitte	France	100%	60	127	14	534
Parques Eólicos del Caribe, S.A.	Development of wind farms	-	Dominican Republic	57%	634	(60)	(29)	(25)
Navitas Energy, Inc.	Development of wind farms	Deloitte	United States	94.63%	191	5,475	927	4,372
Whitehall Wind	Development of wind farms	Deloitte	United States	100% Navitas	0	-	-	-
Main Wind 1	Development of wind farms	Deloitte	United States	100% Navitas	0	-	-	-
Gamesa Energía Polska	Development of wind farms	Deloitte	Poland	100%	112	304	157	383
Sistems Electrics Espluga S.A.	Development of wind farms	-	Barcelona	50%	61	(94)	(137)	0
Gamesa Energía Australia PTY, Ltd.	Development of wind farms	-	Australia	100%	4,277	(4,086)	-	-
Gamesa Energy UK, Ltd.	Development of wind farms	Deloitte	United Kingdom	100%	0	(244)	(1,537)	(90)
Gamesa Energie Deutschland, GmbH	Development of wind farms	Deloitte	Germany	100%	575	(846)	2,159	1,010
GERR, Grupo Energético XXI, S.A.	Development of wind farms	-	Barcelona	100%	1,605	37	(195)	443
International Wind Farm Developments II, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	(1)	(1)
International Wind Farm Developments III, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	(1)	(1)
• Operation of wind farms								
Windfarm 32 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(1)	125
Windfarm 33 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	45
Windfarm 34 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	87
Windfarm 35 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(2)	55
Windfarm 36 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	34
Windfarm 37 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 38 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 39 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
Windfarm 40 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)

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COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Windfarm 41 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(0)	(1)
S.E. Balazote, S.A.	Operation of wind farms	-	Toledo	100%	61	(1)	(0)	0
S.E. Cabezo Negro, S.A.	Operation of wind farms	-	Zaragoza	95.08%	61	(3)	(1)	101
SAS SEPE du Mont de Chatillon	Operation of wind farms	-	France	100%	37	(3)	(1)	(2)
SAS SEPE de la Pomarede	Operation of wind farms	-	France	100%	37	(3)	(4)	(5)
SAS SEPE du Plateu	Operation of wind farms	-	France	100%	37	(3)	(5)	(5)
SAS SEPE D´ Atlancia	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
SAS SEPE de la Bastide Aut. Mont	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
PETAF - Energia Eolica Sociedade Unipessoal Lda (*)	Operation of wind farms	-	Portugal	100%	5	-	(1)	(1)
Sistemas Energéticos La Plana, S.A.	Operation of wind farms	-	Zaragoza	90%	421	1,192	577	965
Sistemas Energéticos La Estrada, S.A.	Operation of wind farms	-	A Coruña	100%	61	(159)	(5)	121
Sistemas Energéticos Mondoñedo Pastoriza, S.A.	Operation of wind farms	-	A Coruña	100%	61	(99)	(4)	1,282
Sistemas Energéticos Ferrol Nerón, S.A.	Operation of wind farms	-	A Coruña	100%	61	(11)	(12)	4
Sistemas Energéticos La Jimena, S.A.	Operation of wind farms	-	Soria	60%	61	(115)	(66)	(33)
Sistemas Energéticos Barandón, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(1)	(1)
Eoliki Eliniki, A.E.	Operation of wind farms	Deloitte	Greece	86%	68	(8)	(17)	7
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	60	(21)	(9)	(9)
Eoliki Attikis Kounus Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	60	(20)	(8)	(8)
Parco Eólico Orune, S.P.A.	Operation of wind farms	-	Italy	100%	30	(11)	(2)	(2)
Parco Eólico Pedro Ghisu, S.P.A.	Operation of wind farms	-	Italy	90%	30	(13)	(2)	6
Parco Eólico Nevena, S.P.A.	Operation of wind farms	-	Italy	100%	30	(11)	(2)	(2)
Parco Eólico Punta Ferru, S.R.L.	Operation of wind farms	-	Italy	90%	30	(3)	(3)	(3)
Parco Eólico Marsica Vento, S.R.L.	Operation of wind farms	-	Italy	90%	30	(4)	(3)	(3)
Parco Eólico San Francesco, S.R.L.	Operation of wind farms	-	Italy	100%	30	(5)	(4)	136
Sistemas Energéticos Ventorrillo, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(0)	3
Sistemas Energéticos Carellana, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(1)	(1)
Sistemas Energéticos Ritobas, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(0)	0
Sistemas Energéticos de Tarifa, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(5)	(1)	(1)
Sistemas Energéticos Argañoso, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(15)	(2)	(2)
Sistemas Energéticos Odra, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	0
Sistemas Energéticos Ortegal, S.A.	Operation of wind farms	-	A Coruña	80%	61	(2)	(1)	(1)
Sistemas Energéticos del Sur, S.A.	Operation of wind farms	-	Seville	70%	61	(45)	(41)	(32)
Sistemas Energéticos Castillejo, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	0
Sistemas Energéticos los Nietos, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Pontenova Riotorto, S.A.	Operation of wind farms	-	A Coruña	100%	61	(9)	(0)	425
Sistemas Energéticos Sierra de Lourenza, S.A.	Operation of wind farms	-	A Coruña	100%	61	(48)	(1)	43
Sistemas Energéticos Loma del Reposo, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(8)	(3)	(3)

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COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos La Jauca, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Edreira, S.A.	Operation of wind farms	-	A Coruña	100%	61	9	(0)	0
Sistemas Energéticos Del Toro, S.A.	Operation of wind farms	-	Seville	100%	61	(1)	(0)	0
Sistemas Energéticos Cañarete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos El Pertiguero, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Campoliva, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(1)	(0)	0
Sistemas Energéticos Herrera, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(1)	(0)	0
Sistemas Energéticos Carril, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(1)	(1)	(1)
Sistemas Energéticos Alto del Abad, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(0)	77
Sistemas Energéticos Del Zenete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Alcohujate, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(0)	14
Energiaki Megas Lakkos, A.E.	Operation of wind farms	Deloitte	Greece	100%	60	(20)	(8)	(9)
SAS SEPE Talizat Rezentieres II	Operation of wind farms	-	France	100%	37	(10)	(16)	6
SAS SEPE de Menetreol Sous Vatan	Operation of wind farms	-	France	100%	37	(17)	(2)	1
SAS SEPE des Potences	Operation of wind farms	-	France	100%	37	(8)	(3)	1
SAS SEPE de la Bouleste	Operation of wind farms	-	France	100%	37	(9)	(3)	1
SAS SEPE Serre du Bichou	Operation of wind farms	-	France	100%	37	(3)	(1)	(2)
SAS SEPE Saint Georges de Noisné	Operation of wind farms	-	France	100%	37	(9)	(2)	(1)
SAS SEPE Lingevres	Operation of wind farms	-	France	100%	37	(4)	(1)	(2)
SAS SEPE Corlay Saint Mayeux	Operation of wind farms	-	France	100%	37	(8)	(2)	(2)
SAS SEPE St. Loup de Saintonge	Operation of wind farms	-	France	100%	37	(5)	(1)	(2)
SAS SEPE Villiers Vouille et Yversay	Operation of wind farms	-	France	100%	37	(10)	(1)	(2)
SAS SEPE de la Nelausa	Operation of wind farms	-	France	100%	37	(7)	(2)	(1)
SAS SEPE Souvigne	Operation of wind farms	-	France	100%	37	(8)	(3)	(3)
SAS SEPE Dampierre Prudemanche	Operation of wind farms	-	France	100%	37	(8)	(3)	3
SAS SEPE de L'Epinette	Operation of wind farms	-	France	100%	37	(10)	(1)	(2)
SAS SEPE Germainville	Operation of wind farms	-	France	100%	37	(9)	(2)	4
SAS SEPE Ecueille	Operation of wind farms	-	France	100%	37	(11)	(2)	(1)
SAS SEPE Janaillat at Saint Dizier Leyrenne	Operation of wind farms	-	France	100%	37	(9)	(10)	(7)
SAS SEPE Du p.e. Moreac	Operation of wind farms	-	France	100%	37	(12)	(2)	2
SAS SEPE Poullan	Operation of wind farms	-	France	100%	37	(7)	(1)	(2)
SAS SEPE Kaymard	Operation of wind farms	-	France	100%	37	(4)	(3)	(4)
SAS SEPE La Vaysse	Operation of wind farms	-	France	100%	37	(2)	(1)	(2)
SAS SEPE Monplaisir	Operation of wind farms	-	France	100%	37	(8)	(1)	(2)
SAS SEPE D'Aussac Vadalle Pas	Operation of wind farms	-	France	100%	37	(8)	(5)	(6)
Urgeban Grupo Energético, S.A.	Development of wind farms	-	Valencia	100%	300	(302)	(0)	0
Parque Eólico Ortona Vento, S.R.L.	Operation of wind farms	-	Italy	87.5%	30	(7)	(3)	(3)
Parque Eólico Monte Selva, S.R.L.	Operation of wind farms	-	Italy	86.5%	30	(7)	(3)	(3)
Sistemas Energéticos Mesa de Ocaña, S.A.	Operation of wind farms	-	Toledo	100%	61	(24)	(18)	389
Sistemas Energéticos Fonseca, S.A.	Operation of wind farms	-	A Coruña	100%	61	(61)	(0)	18
Sistemas Energéticos del Umia, S.A.	Operation of wind farms	-	A Coruña	100%	61	(2)	(0)	0

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					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos Cuntis, S.A.	Operation of wind farms	-	A Coruña	100%	61	(2)	(0)	0
Parque Eólico do Cigarrelho, S.A.	Operation of wind farms	-	Portugal	100%	50	(9)	(5)	(7)
Sistemas Energéticos Los Lirios, S.A.	Operation of wind farms	-	Seville	60%	61	(1)	(1)	47
Sistemas Energéticos Alto do Seixal, S.A.	Operation of wind farms	-	A Coruña	100%	61	(6)	(0)	23
Sistemas Energéticos Monfero Guitiriz, S.A.	Operation of wind farms	-	A Coruña	100%	61	(11)	(55)	837
Energies Renouvelables Development, S.A.R.L.	Operation of wind farms	-	France	100%	9	(10)	(0)	0
BII NEE Stipa Energía Eólica	Operation of wind farms	-	Mexico	74.82%	8	-	(0)	7,975
Sistemas Energéticos Fuerteventura, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(3)	(3)	(3)
Sistemas Energéticos Arico, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(2)	(1)	(1)
Sistemas Energéticos Alto de Croa, S.A.	Operation of wind farms	-	A Coruña	100%	61	(40)	(3)	(3)
Sistemas Energéticos La Gomera, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(1)	(1)
Sistemas Energéticos Cabanelas, S.A.	Operation of wind farms	-	A Coruña	100%	61	(6)	(1)	19
Sistemas Energéticos Sierra de Costanazo, S.A.	Operation of wind farms	-	Valladolid	60%	61	(3)	(0)	0
Abruzzo Vento, S.P.A.	Construction and operation of wind farms	-	Italy	90%	30	(27)	(3)	(3)
Sistemas Energéticos Quiñonería, S.A.	Operation of wind farms	-	Valladolid	60%	191	(4)	(0)	0
Eólica Da Cadeira, S.A.	Operation of wind farms	-	A Coruña	65%	60	(30)	(0)	0
EBV Holding Verwaltung GMBH	Operation of wind farms	-	Germany	100%	25	13	1	1
EBV WP Nr. 28 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(14)	(37)	252
EBV WP Nr. 29 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(1)	(1)
EBV WP Nr. 30 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(0)	0
EBV WP Nr. 31 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	(0)	0
Sistemes Energetics Conesa II, S.A.	Operation of wind farms	-	Barcelona	100%	61	(3)	(0)	5
Sistemes Energetics Savalla del Comtat, S.A.	Operation of wind farms	-	Barcelona	100%	61	(2)	(0)	10
Sistemes Energetics Serra de Montargull, S.A.	Operation of wind farms	-	Barcelona	100%	61	(19)	(29)	1,035
Sistemas Energéticos La Retuerta, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	27
Sistemas Energéticos Las Cabezas, S.A.	Operation of wind farms	-	Seville	100%	61	(12)	(1)	29
Sistemas Energéticos La Tallisca, S.A.	Operation of wind farms	-	Seville	100%	61	(10)	(1)	74
Sistemas Energéticos El Centenar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	73
Sistemas Energéticos Majal Alto, S.A.	Operation of wind farms	-	Seville	100%	61	(7)	(1)	82
Sistemas Energéticos Valdefuentes, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	71
Sistemas Energéticos El Saucito, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)	59
Sistemas Energéticos Loma del Viento, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Las Canteras, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Los Claveros, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Egea, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0

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COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Sistemas Energéticos Sierra de Lucar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Sierra de Oria, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Sierra de las Estancias, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Almirez, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Caniles, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos El Periate, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Mojonera, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Zujar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Cuerda Gitana, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Capellán, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos las Pedrizas, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(0)	0
Sistemas Energéticos Jaralón, S.A.	Operation of wind farms	-	Vizcaya	100%	61	(2)	(2)	(2)
Parco Eolico Piano Di Iopa, S.R.L	Operation of wind farms	-	Italy	100%	30	(6)	(2)	(2)
SAS SEPE de la Souterraine	Operation of wind farms	-	France	100%	37	(2)	(4)	(5)
Gamesa Japan Kabushiki Kaisha	Operation of wind farms	-	Japan	100%	18	(11)	403	593
Gamesa Wind Hungary LLC	Operation of wind farms	-	Hungary	100%	12	13	1,232	1,620
Gamesa Eolica Greece E.P.E.	Operation of wind farms	-	Greece	100%	18	(354)	378	522
Energiaki Pilou - Methonis, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(27)	(27)
Energiaki Polimilou, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(50)	(50)
Energiaki Ptoon, A.E.	Operation of wind farms	-	Greece	100%	60	(5)	(9)	(9)
Taciewo sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Pielplin sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(4)	(4)
Lipniki sp. W Zoo. Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Southern Windfarm sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(0)	(3)	(3)
Sistemes Energetics Conesa I, S.L.	Operation of wind farms	-	Barcelona	100%	3	-	(1)	8
Vento Artabro, S.A. (*)	Operation of wind farms	-	A Coruña	80%	61	-	(1)	(1)
Xeracion Eolica de Galiza, S.A. (*)	Operation of wind farms	-	Santiago de Com-postela	65%	60	-	(7)	(7)
Zuromin Z.o.o. (*)	Operation of wind farms	Deloitte	Poland	100%	15	-	(0)	0
Krzecin Z.o.o. (*)	Operation of wind farms	Deloitte	Poland	100%	15	-	(0)	0
Parco Eolico Tuturano S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
Parco Eolico Prechicca S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
Parco Eolico Monte Maggio Scalette S.R.L. (*)	Operation of wind farms	-	Italy	100%	30	-	(3)	(3)
A.2 Manufacture of WTGSs								
Gamesa Eólica, S.L. (***)	Wind-powered facilities	Deloitte	Navarra	100%	3	362,829	76,291	74,522
Gamesa Investigation and Technology	Manufacture of moulds and blades and provision of central services (engineering)	Deloitte	Navarra	100%	2,895	441,197	50,352	41,975
Estructuras Metálicas Singulares, S.A.	Manufacture of WTGSs	Deloitte	Navarra	100%	61	4,708	837	1,121

ANNEX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2008

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
Gamesa Wind Engineering, APS	Engineering services	-	Denmark	100%	19	232	(30)	(32)
Gamesa Wind, GMBH	Wind-powered facilities	-	Germany	100%	25	(7,834)	(219)	(1,301)
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	Deloitte	Italy	100%	30	4,842	(4,166)	(4,518)
Gamesa II Eólica Portugal Sociedade Unipessoal Lda (*)	Wind-powered facilities	-	Portugal	100%	960	-	1,091	1,301
Gamesa Wind Turbines PTV, Lda (*)	Wind-powered facilities	-	India	100%	2,002	-	(119)	(119)
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	Ernst & Young	China	100%	1,800	(3,679)	7,072	7,193
Gamesa (Beijing) Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	-	China	100%	200	(1,324)	(1,069)	(1,693)
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	-	China	100%	8,198	(5,570)	68,887	68,140
Gamesa Trading Co., Ltd. (*)	Raw material trader	Deloitte	China	100%	49	-	(3)	(3)
Gamesa Bulgaria Eood	Manufacture, construction and operation of wind farms	-	Bulgaria	100%	3	-	(1)	(1)
Gamesa Eolica France SARL	Wind-powered facilities	Deloitte	France	100%	60	1,798	(1,113)	(1,476)
Gamesa Electric, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Vizcaya	100%	9,395	(68)	13,711	825
Cantarey Reinosa, S.A.	Manufacture of electricity generators	Ernst & Young	Cantabria	100%	4,217	8,064	4,069	6,853
Enertron, S.L.	Manufacture of electronic equipment	Ernst & Young	Madrid	100%	301	2,026	1,059	2,940
Valencia Power Converters, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Valencia	100%	61	1,772	8,295	12,199
Gamesa Energy Transmisión, S.A.	Manufacture of wind-power components	Ernst & Young	Vizcaya	100%	21,660	20,080	15,996	18,527
Especial Gear Transmission, S.A.	Manufacture of gear assemblies	Ernst & Young	Vizcaya	100%	732	(1,139)	1,636	841
Fundición Nodular del Norte, S.A.	Iron smelting	Ernst & Young	Burgos	100%	1,200	125	261	500
Transmisiones Eólicas de Galicia, S.A.	Manufacture of wind-power components	Ernst & Young	A Coruña	100%	695	153	1,455	2,175
Made Tecnologías Renovables, S.A.	Wind-powered facilities	Deloitte	Madrid	100%	40	4,045	214	3,265
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	-	Mexico	100%	3	(301)	292	1,894
Gamesa Wind Poland Sp zoo	Wind-powered facilities	Deloitte	Poland	100%	13	(0)	1,930	176
Parque Eólico Dos Picos, S.L. (*)	Operation of wind farms	Deloitte	Vizcaya	100%	1,229	-	(32)	(32)
Eolo Re, S.A.	Reinsurance	-	Luxem-bourg	100%	3,000	-	13	(14)

ANNEX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2008

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Thousands of euros			
					Share capital	Reserves	Profit (Loss) for the year after tax	Profit (Loss) from operations
B) GAMESA NUEVOS DESARROLLOS GROUP								
Gamesa Nuevos Desarrollos, S.A.	Electrical installations	-	Vizcaya	100%	61	(1,452)	(409)	(516)
Gamesa Servicios do Brasil, Ltda.	Electrical installations	-	Brazil	100%	3,093	(3,650)	211	206
C) GAMESA TECHNOLOGY CORPORATION GROUP								
Gamesa Technology Corporation, Inc	Administrative management services	Deloitte	United States	100%	22,976	(53,338)	(3,752)	(4,522)
Fiberblade, LLC	Wind-powered facilities	Deloitte	United States	100%	0	(11,007)	(375)	1,172
Gamesa Wind US, LLC	Wind farm maintenance services	Deloitte	United States	100%	0	(25,424)	(18,977)	(24,735)
Gamesa Wind, PA	Manufacture and assembly of WTGSs	Deloitte	United States	100%	0	(339)	49,825	76,974
Gamesa Energy USA, Inc.	Development of wind farms	Deloitte	United States	100%	0	15,559	2,010	2,232
Fiberblade East	Wind-powered facilities	Deloitte	United States	100%	0	(9,884)	(5,364)	(7,286)
Towers & Metallic Structures, Inc.	Manufacture of WTGSs	Deloitte	United States	100%	0	(8,962)	(25,741)	(39,193)
D) OTHER								
Cametor, S.L.	Ownership of non-current assets	-	Álava	100%	3,902	6,935	501	(391)
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	51%	6,861	534	3,966	4,715
Gamesa Energía Aznalcollar, S. A.	Operation of wind farms	-	Seville	100%	61	(2)	(2,756)	(2,139)
COMPANIES CONSOLIDATED USING THE EQUITY METHOD								
Windar Renovables, S.L.	Head of the companies which manufacture wind generator towers	Norte Auditores	Navarra	32%	9	26,562	(1,108)	(262)
Energías Renovables San Adrián de Juarros, S.A.	Construction and operation of wind farms	-	Burgos	45%	60	(1)	(0)	0

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

Directors' Report

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

2008 DIRECTORS' REPORT

1. Company Performance in 2008 – Financial strength supporting sustainable and profitable growth

Gamesa Corporación Tecnológica FY 2008 after three years of sustained and profitable growth that culminated with historical record in earnings per share of EUR 1.32 and a sound financial strength that amounted to 0.1 times the EBITDA of the consolidated Group, including the debt of the Wind Farm Development and Sale unit, and far below the maximum established of 2.5 times for 2008.

Gamesa has followed the path of growing business activity, setting new annual performance objectives in the three business areas that made up the Gamesa Group in January 2008.

The Wind Turbine Generator Design and Manufacturing unit attained 3,684 MWe sold, considerably ahead of the objective of 3,600 MWe.

- Of particular note is the level of contribution of international sales (outside Spain) which amount to 61% of total sales, driven mainly by the contribution to growth of sales in Europe and the rest of the world.
- This new business target has been achieved as a result of the increase in in-house production of critical components, which increased by 12% (nacelles) and 25% (blades) with respect to 2007, and has enabled the Company to overcome the bottlenecks that occurred in 2008.
- Also, the growth in production and sales went hand-in-hand with a 12% increase in annual deliveries to 3,300 MW, achieving record delivery levels in the fourth quarter (1,375 MW) in which, for yet another year, 40% of the year's deliveries were concentrated.
- The increase in the contribution of the US was highly significant in 2008, achieving an annual rate of production of 900 MW, and more than 1,000 MW delivered.

In 2008 the Wind Farm Development and Sale unit initiated a new value creation plan culminating in 2011, while at no time losing focus on execution and achieving new levels of business activity.

- Gamesa's wind farm development team continued to generate value and make headway in its wind farm MW portfolio to achieve record figures with > 11,500 MW Probable, > 8,500 MW Likely and > 650 MW Highly Confident.
- The number of MW currently under construction also increased by 30% with respect to 2007, to 479 MW.
- MWe sold rose to 180 MWe, which is a considerable achievement if the strategic reorientation announced mid-2008 is taken into account, as a result of which the sale of new wind farms on Continental Europe was suspended.

Lastly, the management performed at the Solar unit, after the sale thereof to First Reserve Corporation for EUR 261 million in April 2008 should be noted. Gamesa fulfilled the commitment, arising from the related sales agreement, of handing over 19 solar PV projects in September 2008, with a capacity totalling 51.2 MWp, which represents 40% more business activity than in 2007, and which also marks the definitive cessation of Gamesa's participation in this branch of activity.

Culmination of the first transformation cycle (Business Plan 2006-2008)

In June 2006 Gamesa presented its 2006-2008 Business Plan, structured around three strategic objectives -Growth, Profitability and Financial Strength- and the route map set out to achieve such objectives, focusing on Gamesa's strengths and opportunities in 2006 (the wind energy industry) and on execution speed.

Three years having passed, Gamesa has shown its capacity for transformation within the deadlines set, culminating the three-year period orientated towards wind energy -with the Wind Turbine Generator unit as its main business activity and the driving force for growth- as well as having a medium-term wind farm value creation plan (announced in June 2008) in place. These two initiatives constitute the cornerstones of the new value creation plan.

2008 also saw the consolidation of Gamesa's international industrial bases. In 2008 Gamesa's production capacity in the US -a market in which Gamesa has operated since 2006- exceeded 900 MW annual local production. Also in China, where

Gamesa has operated since 2007, more than 500 MW annual production has been achieved. Lastly, in Europe Gamesa has been able to exceed 2,200 MW of production. These new business targets enabled Gamesa to close 2008 with an operating capacity in critical components functioning at an annual rate of 4,500 MW.

Since 2006 this development of the international industrial base has led to the inauguration of 11 production centres, the development of the supplier base and the hiring of 3,600 employees worldwide, in the Wind Turbine Generator unit alone.

Three years of growth based on enhanced competitiveness and productivity, a fact which is borne out by the following indicators:

Concept	Measure	2007	2008	% growth
Activity	MWe sold	1,783	3,684	x2
Productivity/employee	Sales / employee (EUR million)	0.4	0.5	+20%
Investment optimization	Material Capex/Δ MWe sold (EUR million)	0.7	0.3	-40%

Note: data corresponding to the Wind Turbine Generator units

One of the most outstanding examples of growth through productivity is the start-up in 2008 of the integrated Generator, Gearbox and Nacelle Assembly plant in Tianjin (China), through the implementation of the synchronised production system that allows for a reduction in the cycle time.

Achieving strategic goals

The implementation of the strategic initiatives and the actions plans carried out by Gamesa in 2008 made it possible to achieve the goals of Growth and Financial Strength set out in the 2006-2008 Business Plan, with the concomitant generation of cumulative cash in the period 2006-2008 exceeding EUR 1,000 million.

The announcement of the strategic agreement on wind farms on Continental Europe in June 2008 and the postponement of its closure to 2009 impeded the achievement in accounting terms of the Profitability objective. However, the management performed at this unit in 2008 (as regards the progress made in the business) and the recognition for accounting purposes of the gains on sales of developments in the UK, Mexico and the Dominican Republic would have led to the obtainment of ROCE > 16% committed for 2008.

Strategic objectives	2008 Target (June 2006)	Gamesa Consolidated 2008 - pro forma including WF business	Gamesa consolidated 2008 - ongoing operations (WTGs + Holding
Growth	CAC 05-08 EBITDA >15%	CAC 05-08=18%	CAC 05-08=+40%
Profitability	ROCE >16%	15% (*) Closure of the Strategic Agreement on wind farms on Continental Europe in 2009 (ROCE > 16%)	25%
Financial Strength	DFN / EBITDA < 2,5x	0,1x	-0,3x Net cash position
Cash Generation	> 200 MM EUR 05-08	> €1.000 MM 05-08	> €1.200 MM 05-08
Business Units	3	2	1

Note: see financial statements in the Appendixes.

The achievement of the strategic objectives of the 2006-2008 BP has enabled Gamesa to meet the challenge of Growth with cash generation. Over the three-year period, Gamesa managed to double the volume of MWe sold, increase EBITDA by more than 60% and obtain more than EUR 1,000 million cash.

Thus, Gamesa ended 2008 with a solid position from which to tackle the second Gamesa transformation cycle: focused on the Wind Turbine Generator business as the driving force for growth and profitability, and with a medium-term wind farm value creation plan, based on becoming the shareholder of Continental Europe's leading wind energy generation company and the transfer of this European model to wind farms in the US.

Wind energy as the driving force behind economic and social growth

The backdrop of uncertainty in terms of access to financing created as a result of the financial crisis of the fourth quarter of 2008, placed in question the growth capacity and the political backing of alternative generation sources including, inter alia, wind generation.

However, the political events that have occurred since October 2008 confirm the political support for renewable energy sources in the main markets, as an alternative power supply method at local scale, with the capacity to generate both employment and economic growth.

Accordingly, on 17 February the US Government passed the anxiously-awaited Stimulus Bill that includes the commitment to develop an economic and social plan based on renewable energy sources. Measures such as the extension of production tax credits until 2012, the possibility of using investment tax credits or the creation of federal funds to finance wind energy projects guarantee the development of the wind energy industry in this market over the coming three years, and represent a clear fillip to wind energy in the market that accounted for 31% of global demand in 2008 (source: GWEC).

Also, on 27 November the Chinese Government, through the NDRC (National Development and Reform Commission), published the details of its China Stimulus Package with the objective of offsetting the slump in growth and employment in the export sector through basically internal investment. Noteworthy among the plan's ten areas for priority action is the package for the promotion of environmental industry and renewable energies, the package for the development of the electricity grid and the increase in the loans available to priority projects (which include those related to renewable energies). An economic and social plan that gives full backing to growth in the industry in the coming years, in a region that accounted for 23% of the installations in 2008 (source: GWEC).

2008 Results:

Ongoing transformation based on a sole objective, creating value

2008 witnessed the culmination of the process of transforming Gamesa, from an operational standpoint for the Wind Turbine Generator Manufacture unit, and strategic for the Wind Farm Development and Sale units, and the Solar unit.

Gamesa began 2008 with three business units:

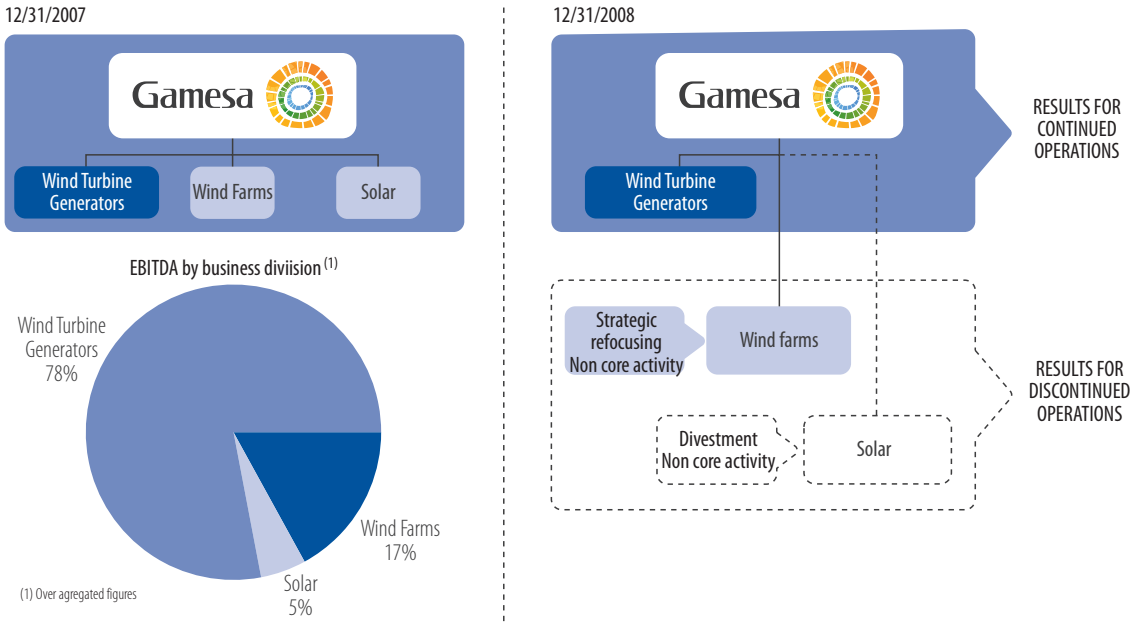
- Wind turbine generator design and manufacture, 78% of Group EBITDA in 2007,
- Wind farm development and sale, accounting for 17% of EBITDA,
- and component manufacture and solar farm development, with 5%

With the objective of focusing on sustainable and profitable growth activities in which the Company has a technological competitive advantage, on 28 February Gamesa announced the sale of its Solar division for EUR 261 million enterprise value. The transaction was effectively closed on 23 April, with the same terms and conditions under which it was announced.

Also, on 13 June Gamesa entered into an agreement with one of its key strategic customers, Iberdrola Renovables, to create a market leader in jointly developing and operating wind farms in Spain and on Continental Europe.

Thus, the Company concluded the strategic reorientation towards Wind Energy and focused on the link in the value chain where it holds the greatest competitive advantage which represents its growth sector, namely, the Wind Turbine Generator Design and Manufacture business. It is in this sector that Gamesa is positioned among the three leading companies worldwide.

This strategic reorientation has signified a change in the profile of the consolidated Group.



Wind Turbine Generators Unit: Consolidating the bases for Future Growth

In 2008, Gamesa concluded the process of operational transformation of its Wind Turbine Generator unit, which has enabled it to lay the foundations for the new management horizon.

The key factors of the period may be summarised as follows:

- Growing and sustained worldwide demand. 2008 was a record year for installations worldwide reaching 27,056 MW, up 35% on 2007, with notable growth in countries such as the US, with 8,358 MW installed (59%) and China, with 6,300 MW installed (+91%) (source: GWEC).
- Signing of the 4,500 MW supply Framework Agreement with Iberdrola Renovables, the largest purchase and sale of wind turbine generators in the history of the wind energy industry, which boosts the degree of visibility of portfolio of MW committed with customers for the coming years (2009-2012) to 11,700 MW.
- Fully operative business model at global level, which has led to reductions in response times to demand and suitable management of the supply chain, thereby overcoming the bottlenecks that occurred in 2008. Also, the make-to-order manufacturing business model, with a production system in line with the entrance of customer orders, and the introduction of synchronised component production (Synchronous Manufacturing System) led to all-time high production and delivery figures to respond to industry growth in 2008.
- Historical peak in raw material costs. Raw material prices peaked in the third quarter of 2008. The production cycle time, which stands at 4 to 6 months, signified that 4th-quarter margins were affected by these cost hikes. Even so, the EBITDA margin achieved the level of 16.4% in the fourth quarter of 2008.
- Changing industry conditions and fourth quarter trends, caused by the bankruptcy of top US banks in October which triggered the worldwide credit crunch. This new backdrop brought into question the levels of growth and investment in the wind energy industry, after a three-year cycle of strongly growing demand.
- Reduction of the business in the Spanish market, after 2007, which was a year in which the installations made in the Spanish wind energy industry amounted to more than 3,500 MW, 2008 has given rise to figures that point to a reduction in annual activity of at least 50% (1,609 MW) although still in line with the level of installations in 2006. Despite this scenario, in 2008 Spain continued to be a significantly high-volume market (the fourth largest market in the world in installation terms).

Surpassing the objective of 3,600 MWe sold, with improvements in the customer delivery cycle.

Gamesa closed 2008 with 3,684 MWe of wind turbine generators sold, above the 3,600 MWe objective set in the 2006-2008 Business Plan, and 12% above the level attained in 2007 (3,289 MWe).

In 2008 Gamesa also increased the reliability of meeting delivery deadlines to the customer, due to increased component-supply synchronisation and a reduced cycle time, which enabled it to significantly increase the number of MWe to achieve the ex works milestone.

Furthermore, in 2008 Gamesa achieved a record in MW delivered to wind farms, deliveries amounting to 3,303 MW, up 13% on 2007.

These two effects made it possible to reduce the stock of MW of finished goods unbilled to the customer by 488 MWe, and to increase working capital as a percentage of sales at year-end to 5% (as compared with 7% in 2007), thereby meeting the cash generation growth objective.

The breakdown of the activity in 2008 is as follows:

(MW)	2007	2008	% change	Status
MW Delivered to the Customers	2,919	3,303	+13%	Transfer of ownership to the customer at wind farm or ex works; billed
+ Variation in MWe Ex Works Available	+485	+869	79%	Change in WTG stock available for delivery to the customer; billed EXW
+ Variation in MWe Work in Progress	-115	-488	-	Change in WTG stock unavailable for delivery to the customer; unbilled
MWe sold	3,289	3,684	+12%	

Also, the geographical breakdown of sales in 2008 shows a higher degree of internationalisation, with sales outside Spain representing 61% of the total:

Geographical breakdown of MWe	% 2008
Espain	39%
EEUU	21%
China	13%
Rest of Europe	17%
Rest of World	10%

Of particular note was the increase in the relative weight of the Rest of Europe and the Rest of the World in wind turbine generator sales, representing 17% and 10%, respectively, as compared with 15% and 5% in 2007.

As regards the product mix, the 2 MW segment continued to represent more than two thirds of MWe sold, while the 0.85 MW turbine represented the remaining third.

The commencement of the contribution of MADE products to total Group sales should be noted, with two agreements announced in the second half of the year in Venezuela for 100 MW and in Tunisia for 120 MW.

2008 Results: Growth with cash generation

2008 earnings show record figures in the Wind Turbine Generator unit, which is a reflection of the sustainability of growth, a progressive recovery of the EBITDA margin, and suitable working capital management, the latter achieving historical minimum levels.

These results confirm the meeting of the challenge to grow while generating cash and the positive headway made by the unit.

(MM EUR)	2007	2008	% Var.
Sales	2,800	3,499	+25%
EBITDA	393	531	+35%
EBITDA / Sales (%)	14.0%	15.2%	
EBIT	178	243	+37%
EBIT / Sales (%)	6.3%	6.9%	
WC/Ventas	7%	5%	-2pp
Capex	120	156	+30%

Note: data presented in accordance with IFRSs

Sales in 2008 increased by 25% with respect to 2007, as a consequence of the 12% increase in the volume of MWe sold and the price rise that arose in the fourth quarter of the year with respect to 2007. This price rise came about as a result of the indexing of wind turbine generator prices to raw materials, the geographical mix and the effect of the exchange rate (China).

Mention should be made of the increase in the EBITDA margins achieved in the fourth quarter of 2008, which amounted to 16.4% during the last three months of the year, tied to the greater volume sold, enhanced productivity and the increase in prices as a result of the indexation, which partially offset the impact on raw material consumption costs during the high price cycle and the decreased volume of MWe reflected by sales due to the significant reduction in stock of unbilled finished goods.

Gamesa's warranty period is established at two years and the costs associated therewith represent between 3.5% (in Spain) and 4.5% (abroad) of the unit's sales, depending on the market in which the turbines are to be sold. In addition, in the fourth quarter Gamesa recognised certain non-recurring provisions equating to 1% of annual sales, associated mainly with the launch of the G90 wind turbine generator in the US and the concomitant industrial reorganisation of the supply base, which placed EBIT for the year at 7%.

Also, Gamesa managed to maintain working capital as a percentage of sales below 10% for the second successive year. The consolidation of the commercial conditions relating to sales (collection milestones) and the significant improvement in the customer delivery cycle that enables EXW billing (80% stock of billed finished goods) made it possible to improve the collection cycle and reduce the level of working capital as a percentage of the unit's sales to 5% (2 percentage points below the percentage achieved in 2007). In addition, work in progress (or stage-of-completion) stock was reduced by -488 MWe (elimination of unbilled stock).

Once again, in 2008, Gamesa achieved record manufacturing figures with 12% growth in in-house production of nacelles and 25% in blades. These levels were achieved with a volume of investment in property, plant and equipment and intangible assets amounting to EUR 156 million, as compared with EUR 120 million in 2007.

These results enabled Gamesa to close 2008 with EBITDA growth of 35% while achieving cash flows from operating activities of EUR +234 million, 2008 being the third consecutive year in which the Wind Turbine Generator unit demonstrated its growth capacity while generating cash.

Wind farms: Value Creation Plan

On 13 June Gamesa announced its new strategy to create value at the Wind Farm unit.

On the one hand, the assets associated with the Continental Europe region will be integrated in the two vehicle companies receiving contributions (joint ventures) created in conjunction with Iberdrola Renovables, one for the Spanish business and the other for the business of the Rest of Continental Europe. The joint ventures will develop and operate the projects brought into service from the beginning of 2008. A cross option structure will also be established that will allow the interest in the companies to be monetised from 2011 onwards.

On the other, Gamesa also announced the preparation of the value proposal for its US wind farm business, with the objective of transferring the European model to this market.

The two strategies are the result of the decision to centre the Company's endeavours on a core business line of wind turbine generator design and manufacture, and implement a plan to monetise the Wind Farm unit.

In the fourth quarter of 2008, progress was made in completing the strategic agreement in Continental Europe, the Anti-Trust approval being obtained in the first week of December.

The recognition of the gains of the development businesses in the UK and Latin America is subject to the completion of the transaction.

The new strategy announced for the Wind Farm unit suspended the signing of new sales commitments at this business unit from 13 July onwards. Therefore, in the second half of 2008 the development of wind farms continued to advance although the associated value has not been recognised for accounting purposes.

The results of the Wind Farm division in 2008 reflect the focus on the development of the current portfolio that increases the value of the work in progress (or stage-of-completion) wind farm stock, with no new sales agreements for Continental Europe having been entered into since June.

(EUR million)	2007	2008	% change.
EBITDA	88	38	-57%
EBIT	92	28	-72%
WC/Sales	90%	160%	+70pp

Note: data presented in accordance with IFRS.

The performance of the business activity is characterised by the significant improvements in the technical indicators, focused on the final phases of development. Thus, in 2008 the commencement of wind farm construction increased by +30% in comparison with 2007.

Consolidated results

Set out below are the main financial aggregates of the consolidated Group. Since the announcement of the Wind Farm unit value creation plan in June 2008, Gamesa has changed the profile of the consolidated Group, which shows the results obtained by the Company by focusing on the areas with the a profile of increased growth and profitability.

(EUR million)	2007	2008	% change.
Sales	2,877	3,651	+27%
EBITDA	353	495	+40%
EBITDA / Sales (%)	12%	14%	
EBIT	133	208	+56%
EBIT / Sales (%)	5%	6%	
Net profit	122	155	+27%
Net profit/Sales (%)	4%	4%	
Net profit	220	320	+45%
(inc. disc.operations) Net profit/Sales (%)	8%	9%	
DFN	27	-140	Caja
DFN / EBITDA	0.1x	-0.3x	

Note: data presented in accordance with IFRSs

APPENDIX

In 2008 the sustained growth in the Wind Turbine Generator Manufacture unit offset the lower contribution made by the Wind Farm Development and Sale unit, arising from the announcement of the new medium-term value proposal for this unit in June .

(EUR million)	2007	2008	% change.
Sales	3,070	3,834	+25%
EBITDA	442	530	+20%
EBIT	225	233	+ 4%
Net profit (1)	220	320	+45%
NFD	192	74	-62%
NFD/EBITDA	0.4x	0.1x	-0.3x

Note: for the purpose of comparison with data published in previous quarters in 2008, and awaiting the completion of the wind farm transaction in Europe , pro forma figures for 2007 and 2008 are presented with the contribution of the continuing operations of the wind farm business and the contribution of the discontinued operations of Solar (operating in 2007 and a gain in 2008).

(1) Including discontinued operations

2. Outlook

The fulfilment of the 2006-2008 Business Plan makes it possible to begin 2009 with a focus on the consolidation of the main strategic objectives of the wind turbine generator manufacture and sale business.

Furthermore, GAMESA will centre efforts on integrating European wind farm development through the joint ventures created with Iberdrola Renovables, S.A. and the transfer of this model to US wind farms.

3. Main business risks

The Gamesa Group is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. The Gamesa 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 fluctuations in exchanges rates inherent in Gamesa's transactions corresponds to purchases and sales of products and services in the various business lines in different currencies.

In order to counter this risk, Gamesa arranges hedging instruments with financial institutions.

4. Use of financial instruments

The Gamesa Group uses hedging instruments to mitigate foreign currency and interest rate risks, volatility in raw materials prices, and risks associated with share price volatilities that could affect the estimated results of the Company based on estimates of expected transactions in the various lines of business.

5. Events after the balance sheet date

See Notes 3-d and 8 to the consolidated financial statements and Note 17 to the individual financial statements.

6. Research and development activities

Technological development is set within a multi-year framework deployed through an annual Technological Development Plan, in which the activities and deliverables that it is intended to attain in each year in question are established and to which ultimately a budget is assigned.

In 2008 the main addition to "Intangible Assets - Research and Development Expenditure" related to the development at Gamesa Investigation and Technology, S.A. of new wind turbine generator models and to the optimisation of the performance of its various components amounting to approximately EUR 30,536 thousand (2007: approximately EUR 30,906 thousand).

7. Treasury share transactions

At 31 December 2008, Gamesa held a total of 2,804,498 treasury shares, representing 1.15% of share capital.

The total accost of the treasury shares amounted to EUR 30,825 thousand, at a unit cost of EUR 10.99 per share.

For a more detailed explanation see Note 18 to the consolidated financial statements (see Note 11 to the individual financial statements).

8. Capital Structure

Per public information held by GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the shareholder structure of GAMESA at 31 December 2008 was as follows:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total
IBERDROLA, S.A.	58,276,348	0	23.952
LOLLAND, S.A.	0	12,164,995	5.000
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED (1)	0	8,188,269	3.366
MARSICO CAPITAL MANAGEMENT, LLC (2)	0	7,549,862	3.103
BARCLAYS BANK PLC (3)	0	7,327,765	3.012

(*) A través de:

Name of the holder of the direct ownership interest	Number of direct voting rights	% of total voting rights
Casa Grande de Cartagena, S.L.	12,164,995	5.000
Blackrock Global Funds	7,370,487	3.029
Barclays Global Investors NA	4,666,492	1.918
Barclays Global Investors LTD	1,503,593	0.618
Barclays Global Investors (Deutschland) AG	104,619	0.043
Barclays Global Fund Advisors	1,053,489	0.433

(1) With respect to the significant ownership interest of BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED, not all the direct holders of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. appear, since the company did not communicate, pursuant to Article 34 of Royal Decree 1362/2007, the identity of the direct holders of 0.337% of the total voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(2) With respect to the significant ownership interest of MARSICO CAPITAL MANAGEMENT, LLC, not all the direct holders of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. appear, since the company did not communicate the identity thereof pursuant to Article 34 of Royal Decree 1362/2007, since it declared that none of its clients held 3% or more of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(3) With respect to the number of direct voting rights stated corresponding to Barclays Global Investors NA, Barclays Global Investors LTD, Barclays Global Investors (Deutschland) AG and Barclays Global Fund Advisors, as a result of the lack of official numbers in the registers of the Spanish National Securities Market Commission and in the registers of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the aforementioned number was calculated on the basis of the rounded off percentage of voting rights that appear in the notification issued by Barclays Bank PLC to the Spanish National Securities Market Commission, with registry entry date of 26 November 2008.

9. Restrictions on the transferability of the shares

There are no restrictions on the transferability of shares.

10. Significant direct and indirect ownership interests

See Point 6.

11. Restrictions on voting rights

There are no restrictions on the exercise of voting rights.

The shareholders at the Annual General Meeting of 25 May 2007 resolved to amend Article 13 of the bylaws and Article 11 of the regulations of the Annual General Meeting, thereby reducing from three hundred to one the number of shares that confer the rights to attend and to vote at the Annual General Meetings.

12. Side agreements

There are no side agreements

13. Rules applicable to the appointment and replacement of the members of the Board of Directors and to the amendment of the bylaws

Rules applicable to the appointment and replacement of the members of the Board of Directors

Appointment

Per Article 17 of the bylaws of Gamesa Corporación Tecnológica, S.A. and Article 18 of the regulations of the Board of Directors, the members of the latter are designated by the shareholders at the Annual General Meeting with the proviso that "if any vacancies arise during the term for which the Directors were appointed, the Board may designate the persons to occupy such vacancies from among the shareholders until such time as the next General Meeting may be convened" in conformity with the provisions laid down in the Spanish Companies Law and the Company bylaws.

In accordance with Article 18.2 of the regulations of the Board of Directors "Proposals for the appointment of directors submitted by the Board of Directors for consideration by the shareholders at the Annual General Meeting and the appointment decisions adopted by this body by virtue of its powers of co-optation attributed to it by law must be preceded by the related proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of this Committee, in the case of the other directors". The Board of Directors, according to Article 18.2 of its regulations, may fail to heed the proposal or report of the Appointments and Remuneration Committee and in such event it must give the reasons for which it has taken that course of action and record such reasons in the minutes.

Article 19 of the regulations adds "The Board of Directors and the Appointments and Remuneration Committee, shall endeavour to ensure that the elected candidates are persons of renowned integrity, solvency, competence and experience and it must be especially thorough in relation to persons proposed as independent Board members.

In the case of a director (legal entity), the conditions of integrity, solvency, competence and experience indicated in the preceding paragraph will also be claimable for the natural person representing the director. The duties of the director as established in the Board of Directors' Regulations will also be claimable for the representative on a persona basisl".

Re-election

As regards the re-election of directors, Article 20 of the regulations of the Board of Directors establishes that "The proposals for the re-election of directors which the Board of Directors decides to submit to the shareholders at the Annual General Meeting shall be subject to a formal assessment process, which will necessarily include a proposal or report issued by the Appointments and Remuneration Committee".

Removal

The removal of directors is regulated by Article 22 of the regulations of the Board of Directors which states "Board members shall be removed from their positions when the period for which they were appointed has expired, without prejudice to the possibility of re-election, and when so decided by the share holder at the Annual General Meeting. Also, the Board of Directors may propose the removal of a director to the shareholders at the Annual General Meeting".

The procedures and criteria to be followed in the case of removal shall be as established in the Spanish Companies Law and the regulations of the Mercantile Registry.

As established in Article 22.2 of the regulations of the Board of Directors "the directors must tender their resignation to the Board of Directors and resign if the latter, based on a report by the Appointments and Remuneration Committee, deems it appropriate, in the following cases:

a) In the case of nominee directors, where these or the shareholder they represent may cease to hold a significant, stable interest in the Company, or where the shareholder may revoke the representation.

b) In the case of executive directors, provided that the Board sees fit.

c) In the case of non-executive directors, where these may be appointed to executive office in the Company or in any of the Group companies.

d) In the case of independent directors, where, for any reason, they meet any of the conditions enumerated in Article 7.1 of these regulations, which are incompatibility with the office of independent director.

e) When they become subject to any incompatibility or prohibition provided for by law, the bylaws or this regulation.

f) When they are prosecuted for a purportedly criminal action or have a court order issued against them initiating trial proceedings for any of the crimes set out in Article 124 of the Spanish Companies Law or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct.

g) When they reach the age of 70. The Chairman, the Deputy Chairmen, the CEOs, the Secretary and Deputy Secretary of the Board shall cease to hold office at 65 years of age, although they may continue to be directors. Directors shall leave office at the first meeting of the Board of Directors to take place after the Annual General Meeting at which the shareholders approve the financial statements for the year in which the Director in question reaches the aforementioned age.

h) When they cease to occupy the executive positions associated with their appointment as directors.

i) When they have been seriously reprimanded by the Audit and Compliance Committee or have been seriously penalised by any public authority for having infringed their duties as directors.

j) When their remaining on the Board of Directors could put the Company's interests at risk or when the reasons for which they were appointed no longer exist.

Rules applicable to the amendment of the Company's bylaws

The amendment of the bylaws of Gamesa Corporación Tecnológica, S.A. is governed by the provisions of Article 144 of the Spanish Companies Law and shall not require any qualified majority other than that established in Article 103 of the aforementioned law.

Article 6 of the regulations of the Annual General Meeting expressly includes the amendment of the bylaws to be a competence of this body.

14. Powers ofthe members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares

Powers of the members of the Board of Directors

In its meeting of 25 May 2007, the Board of Directors of Gamesa Corporación Tecnológica, S.A. unanimously resolved, following a favourable report by the Appointments and Remuneration Committee, to appoint, for a term of six years, the Chairman of the Board of Directors, Guillermo Ulacia Arnaiz, as the Chief Executive Officer of the Company, and to delegate to him all of the powers corresponding to the Board of Directors in accordance with the Law and the bylaws, except those that may not be delegated. This appointment was accepted by Mr. Ulacia at the same meeting.

Powers relating to the possibility of issuing or repurchasing new shares

At the date of approval of this report, the authorisation given by the shareholders at the Annual General Meeting of the Company held on 30 May 2008 by virtue of which the Board of Directors is empowered to acquire treasury shares remains in effect. The literal wording of the resolution adopted by shareholders at the aforementioned General Meeting on point six of the Agenda is transcribed below:

"To expressly authorise the Board of Directors, in accordance with Article 75 of the Spanish Companies Law, to derivatively acquire shares of Gamesa Corporación Tecnológica, S.A. under the following conditions:

a. The acquisitions may be made either directly by Gamesa Corporación Tecnológica, S.A. or indirectly through its subsidiaries.

b.- The acquisitions of shares, which must be fully paid and clear of encumbrances and/or liens shall be made through purchase and sale transactions, swaps or in any other method as permitted by Law.

c.- The acquisitions may be made at any time up to the maximum amount permitted by Law, such that treasury shares, including those already held by the Company, do not exceed 5% of share capital.

d.- The minimum price for the shares shall be their par value and the maximum price may not exceed the quoted price at the date of acquisition by more than 5%.

e.- A restricted reserve may be recorded on the liability side of the Company's balance sheet equal to the amount of the treasury shares included as assets. This reserve shall be maintained until such time as the shares may be disposed of or redeemed.

f.- The shares acquired may subsequently be disposed of under the terms and conditions freely established.

g.- This authorisation is granted for a maximum period of 18 months, and it expressly renders null and void the authorisation granted by the shareholders at Annual General Meeting of the Company held on 25 May 2007 with regard to the unused portion of the same.

For the purposes of paragraph 2, section 1 of Article 75 of the Spanish Companies Law, the shareholders at the General Meeting hereby expressly authorise the acquisition of shares of the Company by any of the subsidiaries under the terms and conditions established herein.

Lastly, pursuant to the last paragraph, section 1 of Article 75 of the Spanish Companies Law (as worded in Law 55/1999, of 29 December), it is hereby established that the shares acquired by virtue of this authorisation may be used by the Company, inter alia, for the delivery thereof to the employees or directors of the Company either directly or as a consequence of the exercise of the rights, whether options or any others included in Incentive Plans, of which the former may be the holders and/or beneficiaries, pursuant to the Law, Company bylaws or regulations."

15. Significant agreements which may be amended or terminated in the event of a change of control

The 2005 share option plan, approved by the Shareholders at the Annual General Meeting of 28 May 2004, should be mentioned.

16. Agreements between the Company, management, drectors or employees who foresee indemnity payments on termination of their relationship with the Company as a result of a takeover bid

The Chief Executive Officer and certain members of the Company's management team are contractually entitled to receive financial compensation in the event of the termination of their contract on grounds attributable to the Company, and in certain cases due to the occurrence of objective circumstances, such as a change of control. The financial compensation agreed in relation to such termination consists, in general terms, of the payment of fixed and variable remuneration corresponding to different periods depending on personal and professional circumstances , and the time at which the contract was signed.

In general, the employment contracts of non-executive employees do not contemplate financial compensation in the event of termination other than as established in current legislation

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2008 Annual Corporate Governance Report

Gamesa

Annual Corporate Governance Report
Listed Corporations

ISSUER'S IDENTIFICATION DETAILS

T.I.N.: A01011253

Trade Name:
GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

DATE OF FINANCIAL YEAR END: 12-31-2008

ANNUAL CORPORATE GOVERNANCE REPORT FORM FOR LISTED CORPORATIONS

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
05-28-2004	41,360,983.68	243,299,904	243,299,904

Indicate whether there are different classes of shares having different rights associated to them:

Yes ☐ No X

Class	Number of shares	Par Value	Number of voting rights	Other rights

A.2. Provide details of direct and indirect holders of significant shareholdings in your company at the end of the financial year, excluding directors:

Name or trade name of significant shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
LOLLAND, S.A.	0	12,164,995	5.000
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED	0	8,188,269	3.366
MARSICO CAPITAL MANAGEMENT, LLC	0	7,549,862	3.103
BARCLAYS BANK PLC	0	7,327,765	3.012

(*) Through:

Name or trade name of direct holder of shares	Number of direct voting rights	% of total voting rights
Casa Grande de Cartagena, S.L.	12,164,995	5.000
Blackrock Global Funds	7,370,487	3.029
Barclays Global Investors NA	4,666,492	1.918
Barclays Global Investors LTD	1,503,593	0.618
Barclays Global Fund Advisors	1,053,489	0.433
Barclays Global Investors (Deutschland) AG	104,619	0.043

See note (A.2 a) in section G contained herein.

State the most significant changes in shareholding structure during the financial year:

Shareholder's name or trade name	Date of operation	Description of operation
Corporación Ibv, Participaciones Empresariales, S.A.	03/07/2008	Reduced its shareholding completely
Iberdrola, S.A.	03/07/2008	Increased its shareholding from 19.25% to 23.952%
Banco Bilbao Vizcaya Argentaria, S.A.	03/07/2008	Acquired a shareholding of 4.75%
Artisan Partners Limited Partnership	04/07/2008	Reduced its shareholding under 3%
Blackrock Global Funds	05/05/2008	Increased its shareholding over 3% reaching 3.029%
Barclays Bank Plc	07/14/2008	Increased its shareholding over 3% reaching 3.036%
Banco Bilbao Vizcaya Argentaria, S.A.	08/21/2008	Reduced its shareholding under 3%
Marsico Capital Management, Llc	10/08/2008	Increased its shareholding over 3% reaching 3.103%
Barclays Bank Plc	10/20/2008	Reduced its shareholding under 3%
Barclays Bank Plc	11/17/2008	Increased its shareholding over 3% reaching 3.012%

See note (A.2. b) in section G contained herein.

A.3. Complete the following tables on the members of the Company's Board of Directors who hold voting rights through shares in the Company:

Name or trade name of the director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Iberdrola, S.A.	58,276,348	0	23.952 %
Arregui Ciarsolo, Juan Luis	0	131,030	0.054 %
Bergareche Busquet, Santiago	3,850	0	0.002 %
Velasco Gómez, Pedro	500	0	0.000 %
Fernández-Lerga Garralda, Carlos	500	0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	300	0	0.000 %
Ulacia Arnaiz, Guillermo	100	0	0.000 %
Calvet Spinatsch, Jorge	100	0	0.000 %
Fernández Martínez, Pascual	30	0	0.000 %
Vázquez Egusquiza, José María	0	0	0.000 %

(*) Through:

Name or trade name of direct holder of shares	Number of direct voting rights	% of total voting rights
RETOS OPERATIVOS XXI, S.L.	131,030	0.054 %

% of voting rights in the hands of the Board of Directors	24.008 %

Complete the following tables on the members of the Company's Board of Directors holding stock option rights in the Company:

Name or trade name of the director	Number of direct stock option rights	Number of indirect stock option rights	Number of equivalent shares	% of total voting rights

See note (A.3) in section G contained herein.

A.4. State details of any family, commercial, contractual or corporate relationships existing between the holders of significant shareholdings in as far as they are known by the company, except those which are scarcely relevant or arise from the normal course of business:

Name or trade name of related shareholders	Type of relationship	Brief description

See note (A.4) in section G contained herein.

A.5. State details of any family, commercial, contractual or corporate relationships existing between the holders of significant shareholdings and the company and/or its group, except those which are scarcely relevant or arise from the normal course of business:

Name or trade name of related shareholders	Type of relationship	Brief description
IBERDROLA, S.A.	CONTRACTUAL	SEE SECTION C.2

A.6. State if the company has been notified of any shareholders' agreements affecting it pursuant to the provisions set forth in Article 112 of the Securities Market Law (Ley del Mercado de Valores, LMV). If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐ No X

Parties to the shareholders' agreement	% of share capital affected	Brief description of the agreement

State whether the company is aware of any concerted actions among its shareholders.
If so, provide brief details:

Yes ☐ No X

Parties to concerted action	% of share capital affected	Brief description of the concerted action

Should any amendment or breach of the aforementioned agreements or concerted actions have come about during the financial year, indicate them expressly:

A.7. State whether there are any individuals or legal persons that exercise control over the company pursuant to Article 4 of the Securities Market Law (Ley del Mercado de Valores, LMV) *If so, identify them:*

Yes ☐ No X

Name or trade name

Comments

A.8. Complete the following tables on the company's treasury stock:

At the end of the financial year:

Number of shares held directly	Number of shares held indirectly (*)	% total of share capital
1,600,000	1,204,498	1.153 %

(*) Through:

Name or trade name of direct holder of shares	Number of shares held directly
BANCO SANTANDER, S.A.	1,204,498
Total:	1,204,498

Provide details of any significant changes that have taken place during the financial year pursuant to Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	% total of share capital
11/12/2008	400,000	0	0.164 %

Gains / (Losses) on treasury stock divested during the period	0

See note (A.8) in section G contained herein.

A.9. Provide details on the conditions and term of the mandate in force, so that the Board of Directors may acquire and transfer treasury stock.

On the date this report was approved, the authorization granted by the Company's General Shareholders' Meeting held on May 30, 2008 empowering the Board of Directors to acquire treasury stock was in effect. A literal transcription of the resolution adopted by the aforementioned Meeting for the sixth item on the Agenda appears below:

"To expressly authorize the Board of Directors pursuant to the provisions set forth in Article 75 of the prevailing Revised Text of the Corporations Law (Texto Refundido de la Ley de Sociedades Anónimas) to carry out the derivative acquisition of shares in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. under the following conditions:

a. The acquisitions may be made directly by GAMESA CORPORACIÓN TECNOLÓGICA, S.A. or indirectly through its subsidiaries.

b. The acquisition of shares, which should be fully paid up and free from any charges and/or encumbrances, shall be made through purchases, swaps or any other kind of operations permitted by the Law.

c. Such acquisitions may be made at any time up to the maximum amount set forth by the Law, which shall not exceed 5% of the Company's share capital counting the shares it already holds.

d. The shares' minimum price shall be their par value and their maximum price may not exceed their list price on the date of acquisition by 5%.

e. That an unavailable reserve may be allocated on the Liabilities side of the Company's Balance equivalent to the amount of treasury stock entered in its Assets. This reserve shall be maintained as long as the shares are not divested or depreciated.

f. The shares thus acquired may subsequently be transferred under the conditions that may be freely set.

g. This authorization is granted for a maximum period of 18 months and expressly repeals the unused part of the authorization granted by the Company's General Shareholders' Meeting held on May 25, 2007

For the purposes set forth in paragraph 2, number 1, Article 75 of the Revised Text of the Corporations Law (Texto Refundido de la Ley de Sociedades Anónimas), to expressly authorize the acquisition of the Company's shares by any of the company's subsidiaries under the same terms arising hereof.

Lastly and concerning the provisions set forth in the last paragraph of point 1, Article 75 of the Revised Text of the Corporations Law in its wording given by Law 55/1999 of 29 December, it is hereby indicated that any shares acquired by virtue of this authorization may be destined by the Company, among other ends, to the Company's employees or administrators either directly or as a result of exercising stock option or other rights as set forth in Incentive Plans of which they may be the holders and/or beneficiaries pursuant to the Law, bylaws and regulations."

A.10. State any legal or bylaw constraints on exercising voting rights, as well as any legal constrains on the acquisition or transfer of shareholdings.

State whether there are any legal constraints on exercising voting rights.

Yes ☐ No X

Maximum percentage of voting rights that a shareholder may exercise due to legal constraints	

State whether there are any bylaw constraints on exercising voting rights

Yes ☐ No X

Maximum percentage of voting rights that a shareholder may exercise due to bylaw constraints	

Description of legal and bylaw constraints on exercising voting rights

State whether there are any legal constraints on the acquisition or transfer of shareholdings.

Yes ☐ No X

Describe any legal constraints on the acquisition or transfer of shareholdings

A.11. State whether the General Shareholders' Meeting has resolved to adopt any measures to neutralize takeover bids pursuant to the provisions set forth in Law 6/2007.

Yes ☐ No X

If so, explain the measures approved and the terms under which the constraints would turn out to be ineffectual.

B. STRUCTURE OF THE COMPANY'S MANAGEMENT

B.1. Board of Directors

B.1.1. State the maximum and minimum number of directors set forth by the bylaws:

Maximum number of directors	15
Minimum number of directors	3

B.1.2. Complete the following table with details on the Board Members:

Name or trade name of the Director	Represented by	Office in the Board	Date of first appointment	Date of last appointment	Procedure of appointment
Ulacia Arnaiz, Guillermo		Chairman and CEO	12-13-2005	05-25-2007	General Shareholders' Meeting
Calvet Spinatsch, Jorge		Deputy Chairman	10-07-2005	05-25-2007	General Shareholders' Meeting
Rodríguez-Quiroga Menéndez, Carlos		Director and Secretary to the Board	09-27-2001	05-25-2007	General Shareholders' Meeting
Fernández-Lerga Garralda, Carlos		Director and Vicesecretary to the Board	10-07-2008	10-07-2008	Board of Directors Cooptation
Arregui Ciarsolo, Juan Luis		Director	01-28-1976	05-25-2007	General Shareholders' Meeting
Bergareche Busquet, Santiago		Director	11-02-2005	05-25-2007	General Shareholders' Meeting
Fernández Martínez, Pascual		Director	05-25-2007	05-25-2007	General Shareholders' Meeting
Vázquez Egusquiza, José María		Director	05-25-2007	05-25-2007	General Shareholders' Meeting
Velasco Gómez, Pedro		Director	11-16-2007	11-16-2007	General Shareholders' Meeting
Iberdrola, S.A.	Alcolea Cantos, José Miguel	Director	06-26-2008	06-26-2008	Board of Directors Cooptation
Total Number of Directors					10

State the directors who left the Board of Directors during the period:

Name or trade name of Director	Status of Director at the moment of relinquishing office	Date of leaving office
Corporación IBV, Servicios y Tecnologías, S.A.	Non-executive director representing a significant shareholder	06-26-2008
Carvajal Argüelles, Juan	Non-Executive Independent	10-07-2008

See note (B.1.2) in section G contained herein.

B.1.3. Complete the following table on the Board Members and their status:

EXECUTIVE DIRECTORS

Director's name or trade name	Committee that proposed his/her appointment	Office held in the company's organization chart
Ulacia Arnaiz, Guillermo	Appointments and Remuneration Committee	Chairman and CEO
Rodríguez-Quiroga Menéndez, Carlos	Appointments and Remuneration Committee	Secretary to the Board and Director
Total number of executive Directors		2
% total of the Board		20 %

NON-EXECUTIVE DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDERS

Director's name or trade name	Committee that proposed his/her appointment	Name or trade name of the significant shareholder he/she represents or has put forward his/her appointment
Arregui Ciarsolo, Juan Luis	Appointments and Remuneration Committee	IBERDROLA. S.A.
Velasco Gómez, Pedro	Appointments and Remuneration Committee	IBERDROLA. S.A.
IBERDROLA, S.A.	Appointments and Remuneration Committee	IBERDROLA. S.A.
Total number of Directors representing significant shareholders		3
% total of the Board		30 %

NON-EXECUTIVE INDEPENDENT DIRECTORS

Director's name or trade name	Background
Calvet Spinatsch, Jorge	Born in Madrid. Holds the offices of Deputy Chairman of the Board of Directors and Chairman of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. He holds degrees in Law and Business Administration (ICADE), having completed his training at New York University, where he was granted a Master in Finance. His professional career has mainly taken place in the commercial banking sector and he has held positions at institutions like UBS WARBURG, where he was the CEO and Country Head of the UBS Group in Spain. He has also held the offices of CEO of UBS WARBURG, S.V., Chairman and CEO of UBS España, S.A., was a member of Ibersuiza's Investment Board of Directors, and the Chairman of Inova, S.A. (1995-2001). Between 2001 and 2005, he was the Chairman of Fortis Bank for Spain and Portugal, the Managing Director of Beta Capital MeesPierson and a member of the Fortis Management Board. He has likewise formed part of other Boards of Directors such as those of Prensa Española, S.A. (1998-2002), Antena 3TV (1998-2003), T-Systems España (2001-2004), TESA (Talleres de Editores, S.A.) and France Telecom España, S.A. From February 2008 he is member of the Board of Directors, as Non-Executive Independent Director, of AFIRMA GRUPO INMOBILIARIO, S.A., Chairman of his Appointments and Remunerations Committee, and member of his Audit and Compliance Committee.
Bergareche Busquet, Santiago	Born in Bilbao, Biscay. He holds the offices of Member of the Board of Directors and of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. He holds degrees in Law and Economics from the University of Deusto. He is currently the Deputy Chairman of Grupo Ferrovial, S.A. (since January 25, 2002) and a Director (since February 23, 1999) and member of its Executive Committee and its Appointments and Remuneration Committee; as well as the Chairman of Dinamia Capital Privado SCR, S.A. (since December 12, 2002); individual responsible of representing Bycomels Prensa, S.L. as member of the Board of Directors an member of the Executive Committee of Vocento, S.A.; and Chairman of Compañía Española de Petróleos, S.A. (CEPSA). He was the General Manager of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), the Chairman of Metrovacesa, S.A., Chairman of Ferrovial Agroman, S.A. and CEO of Grupo Ferrovial, S.A.
Fernández Martínez, Pascual	Born in Albacete. He holds the offices of Member of the Board of Directors and Chairman of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. He holds a PhD in Economics and Business Studies and has developed his professional career mainly in the Public Administration, teaching and researching in the universities of Madrid (Autónoma and Rey Juan Carlos) and Valladolid. He has also performed management tasks for the regional governments of Castilla y León and Madrid and at the Ministry of the Economy and Public Finance, as well as at the Ministry of the Environment. He is currently a tenured Professor of Applied Economics at the Universidad Rey Juan Carlos, a Professor of the Executive Master in Public Administration (EMPA) at the Instituto de Empresa Business School, the Director of the "Economía de Madrid" Research Center of the Universidad Rey Juan Carlos, Chairman of the Economics and the Environment Committee of the Madrid College of Economists, a member of the Association D'Instituts Européens de Conjoncture Economique (AIECE) and an advisory member of the CYTED Program, Science and Technology with Latin America (Ciencia y Tecnología con Iberoamérica). He has formed part of the Board of Directors of several companies, including Sodical, RENFE, the Official Credit Institute (Instituto de Crédito Oficial – ICO) and Gran Telescopio de Canarias. He presently belongs to the Boards of Directors of Caja Madrid de Pensiones EGFP and Grupo Empresarial Ence, S.A.

NON-EXECUTIVE INDEPENDENT DIRECTORS (Continued)

Director's name or trade name	Background
Vázquez Egusquiza, José María	Born in Bilbao, Biscay. He holds the offices of Member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. He holds degrees in Industrial Metallurgy Engineering and Business Studies from the Universidad del País Vasco and completed his studies doing several Masters in the United States and Sweden. His professional career has mainly taken place in the metallurgical sector. It began in Babcock & Wilcox, S.A. as a materials and welding engineer in the valve department for nuclear power plants. He then went on to hold management positions in different business groups in the Basque Country dedicated to the metallurgical, machine tools, shipping and building sectors. He currently holds the offices of Chairman of the Biscay Business Confederation (Confederación Empresarial de Bizkaia - CEBEK), Chairman of Construcciones Sobrino, S.A. (parent company in the Basque Country of Grupo Obrascon Huarte y Laín, S.A.), Chairman of the Board of Directors of GIROA (Grupo Dalkia), Director of the Bilbao Port Authority and member of the Board of Governors of the Guipuzcoa Technical Studies and Research Center (Centro de Estudios e Investigaciones Técnicas de Gipuzkoa – CEIT). He has also held the positions, among others, of Chairman of CONFEBASK's Industrial Policy Committee, was a member of the Management Board of the Spanish Confederation of Business Organizations (Confederación Española de Organizaciones Empresariales – CEOE), Chairman of the CEOE's Business Board for the Information Society, Director of the Biscay Industrial Design Centre (Centro de Diseño Industrial de Bizkaia), a member of the Executive Committee of the Spanish Association for the Development of Welding and a member of the SEOPAN Management Board. He has been deeply involved in teaching and awareness raising activities.
Total number of independent Directors	4
% total of the Board	40 %

OTHER NON-EXECUTIVE DIRECTORS

Director's name or trade name	Committee that proposed his/her appointment
Fernández-Lerga Garralda, Carlos	Appointments and Remuneration Committee
Total number of other non-executive Directors	1
% total of the Board	10 %

State the reasons why they cannot be considered as directors representing significant shareholders or independent directors and their links, either with the company, its management staff or its shareholders.

Name or trade name of the Director	Reasons	Company, management staff member or shareholder with whom he/she is linked
Fernández-Lerga Garralda, Carlos	Receipt of economic amounts for services rendered to GAMESA CORPORACIÓN TECNOLÓGICA, S.A., as holding the post of Vice secretary to the Board of Directors and the post of Secretary non member of the Audit and Compliance Committee and of the Appointments and Remuneration Committee.	GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

State any changes that have come about during the period regarding the type of each Director:

Name or trade name of the director	Date of change	Former classification	Current classification
Fernández Martínez, Pascual	03-07-2008	Other Non-Executive	Non-Executive Independent

See note (B.1.3) in section G contained herein.

B.1.4. State the reasons, if any, for the appointment of directors representing significant shareholders at the proposal of shareholders whose stake is below 5% of share capital:

Name or trade name of significant shareholder	Reason

State if any formal requests have been rejected for a presence on the Board made by shareholders whose stake is equivalent to or greater than that of other shareholders who have had directors to represent them appointed. If so, explain the reasons why such requests have been rejected:

Yes ☐ No X

Name or trade name of significant shareholder	Explanation

B.1.5. State if any director has relinquished office before the end of his/her term of office, whether he/she has explained the reasons for doing so and how he/she has notified the Board. If he/she has done so in writing to the whole Board, explain the reasons he/she has given below:

Name of Director	Reason for relinquishing office
CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A.	Sale of its total shareholding
Carvajal Argüelles, Juan	Personal reasons

B.1.6. State, if any, the powers of attorney granted to the CEO(s).

Name or trade name of the Director	Brief description
Ulacia Arnaiz, Guillermo	GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Board of Directors unanimously resolved, with a previous favourable report of the Appointments and Remuneration Committee, to appoint the Chairman of the Board, Mr. Guillermo Ulacia Arnaiz, as the Company's CEO at its meeting held on May 25, 2007 and delegated all the powers that correspond to the Board of Directors to him pursuant to the Law and the Corporate Bylaws, apart from those that cannot be delegated. Mr. Ulacia accepted the appointment at the same meeting.

B.1.7. Name the board members, if any, who hold positions as administrators or managers in other companies forming part of the listed company's group:

Name or trade name of the Director	Trade name of the company belonging to the group	Office
Ulacia Arnaiz, Guillermo	GAMESA TECHNOLOGY CORPORATION, Inc.	Single Administrator

See note (B.1.7) in section G contained herein.

B.1.8. Name any directors of your company who are known by your company to be members of the board of other companies listed on official Spanish stock markets other than companies in your group:

Name or trade name of the Director	Trade name of the listed company	Office
Arregui Ciarsolo, Juan Luis	IBERDROLA, S.A.	Deputy Chairman
	GRUPO EMPRESARIAL ENCE, S.A.	Chairman
	CARTERA INDUSTRIAL REA, S.A.	First Deputy Chairman
Bergareche Busquet, Santiago	GRUPO FERROVIAL, S.A.	Deputy Chairman
	VOCENTO, S.A.	Director
	DINAMIA CAPITAL PRIVADO, SCR, S.A.	Chairman
	COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.	Chairman
Fernández Martínez, Pascual	GRUPO EMPRESARIAL ENCE, S.A.	Director
Calvet Spinatsch, Jorge	AFIRMA GRUPO INMOBILIARIO, S.A.	Director
Fernández-Lerga Garralda, Carlos	INMOBILIARIA COLONIAL, S.A.	Director

See note (B.1.8) in section G contained herein.

B.1.9. State and, if necessary, explain whether the company has laid down any rules concerning the number of boards in which its directors may sit:

Yes ☐ No X

Explanation of the rules

B.1.10. Concerning recommendation number 8 of the Unified Code, state the company's overall policies and strategies that the Board as a whole has reserved for its approval:

	Yes	No
The investment and financing policy	X	
Defining the group of companies' structure	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan, as well as annual management targets and budget	X	
The senior management remuneration and performance assessment policy	X	
The risk control and management policy, as well as the regular monitoring of internal information and control systems	X	
The dividend policy, as well as the treasury stock policy and, in particular, its constraints.	X	

See note (B.1.10) in section G contained herein.

B.1.11. Complete the following tables on the directors' total remuneration during the financial year:

a) Remuneration from the reporting company:

Remuneration item	Figure in thousands euros
Fixed remuneration	1,238
Variable remuneration	423
Allowances	763
Bylaw items	179
Stock options and/or other financial instruments	
Others	
TOTAL:	2,603

Other Benefits	Figure in thousands euros
Advances	
Loans granted	
Pension Schemes and Funds: Contributions	
Pension Schemes and Funds: Liabilities contracted	
Life insurance premiums	26
Guarantees extended by the company to directors	

b) Remuneration earned by the company's directors from other boards of directors and/or as senior executives of group companies:

Remuneration item	Figure in thousands euros
Fixed remuneration	
Variable remuneration	
Allowances	
Bylaw items	
Stock options and/or other financial instruments	
Others	
TOTAL:	

Other Benefits	Figure in thousands euros
Advances	
Loans granted	
Pension Schemes and Funds: Contributions	
Pension Schemes and Funds: Liabilities contracted	
Life insurance premiums	
Guarantees extended by the company to directors	

c) Total remuneration by type of director:

Type of director	From company	From group
Executive directors	1,529	
Non-executive directors representing significant shareholders	357	
Non-executive independent directors	545	
Other non-executive directors	198	
Total	2,629	

d) Remuneration in relation to profits attributed to the parent company:

Directors' total remuneration (in thousands euros)	2,629
Total directors' remuneration/profits attributed to parent company (expressed in %)	0.8

See note (B.1.11) in section G contained herein.

B.1.12. Identify the members of senior management who are not simultaneously executive directors, and state the total remuneration due to them during the financial year:

Name or trade name	Office
Cortajarena Manchado, José Antonio	General Secretary
Zarza Yabar, Félix	Manager of Internal Audit
Perea Sáenz de Buruaga, Javier	General Manager of Commercial, Construction and Services
Monzón Arribas, Teodoro	General Manager of Wind Farm Promotion and Sales
Pardo López, Luis	General Manager of Operations
Giménez Sainz de la Maza, Iñigo	General Manager of Management Control
Malumbres García, José Antonio	General Manager of Technology
Larretxi Burgos, José Ignacio	General Manager of Business Excellence Unit
Fernández Martín del Campo, Juana María	General Manager of Human Capital Management
Total senior management remuneration (in thousands euros)	5,290

See note (B.1.12) in section G contained herein.

B.1.13. State in general terms if guarantee or golden handshake clauses exist in favor of the company's or its group's senior management members in the event of dismissal or changes of control, including executive directors. State whether such agreements have been notified to and/or approved by the governing bodies of the company or of its group:

Number of beneficiaries	9

	Board of Directors	General Shareholders' Meeting
Body authorizing the clauses	X	

	YES	NO
Is the General Shareholders' meeting informed about the clauses?	X	

See note (B.1.13) in section G contained herein.

B.1.14. Describe the process for setting board members' remuneration and cite the relevant clauses of the bylaws.

Process for setting the remuneration of members of the Board of Directors and the Bylaw clauses
Pursuant to Article 15.4.d) of the Board of Directors Regulations, according to the version approved by the Board of Directors on January 24th, 2008 (hereafter, the Board of Directors Regulations), the Appointments and Remuneration Committee is responsible for proposing to the Board of Directors the *"system and amount of the Board Members annual remuneration".* According to the provisions set forth in Article 26 of the Board of Directors Regulations, the Board "*shall be entitled to obtain the remuneration set pursuant to the Bylaw's provisions"* and that said body shall *"determine the way and amounts in which the remuneration thus set shall be distributed among its members in each financial year, which may be done on an individual basis".* Pursuant to the provisions set forth in Article 25 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Bylaws, *"the Company shall allocate as an expense an amount equivalent to up to 3% of the year's profits to remunerate the members of the Board of Directors. Such allocation up to a maximum of 3% may only be effectuated once the amounts set forth in the Corporations Law (Ley de Sociedades Anónimas) have been covered. The Board itself may resolve to reduce the aforementioned amount in any financial years it may deem appropriate to do so.* *The members of the Board of Directors shall additionally receive a fixed annual remuneration, including any contributions made to Social Welfare schemes as regards Pensions and/or life insurance policy payments. The Board of Directors shall be entitled to set the amount for each of the Board members.* *The total amount for both kinds of remuneration (profit-related remuneration and fixed remuneration) may not together exceed the amount that would result from applying three per cent (3%) to the year's profits.* *Such remuneration does not necessarily have to be the same for all Board members. In keeping with the foregoing, the Board of Directors shall adopt the appropriate resolutions to distribute among its members the aforementioned remuneration in accordance with the criteria and in the way it may see fit.* *Board members shall likewise be entitled to receive allowances for their dedication and attendance at Board meetings, along with compensation for travel, accommodation and similar expenses which they may incur. The setting of these items shall be agreed upon by the Board of Directors."* *In addition and independently of the remuneration referred to in the preceding paragraphs, Article 25 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Bylaws sets forth the possibility of "setting up remuneration schemes referenced to the shares' list price or that entail the handing over of shares and/or stock option rights to directors. The application of such remuneration schemes shall be agreed upon by the General Shareholders' Meeting, which shall set the share price to be taken as a reference, the number of shares to be handed out to Directors, the price of exercising the option rights, the term of these remuneration schemes, along with any other conditions it may deem appropriate. Likewise and after any legal requirements have been met, similar remuneration schemes may be set up for management and non-management staff of the Company and its subsidiaries".* Article 25 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. bylaws additionally sets forth that the aforementioned kinds of remuneration *"are compatible with and independent of salaries, remuneration, compensation, pensions, contributions to social welfare schemes, life insurance, the handover of shares or stock options, or any kind of general or individual compensation for any Board Members performing executive functions, whatever the nature of their relationship with the Company may be, whether it be an employment relationship –a normal or special senior management relationship–, a mercantile relationship or the provision of services. Such relationships shall be compatible with the condition of being a member of the Board of Directors.* *The Company may take out third party liability insurance for its Directors".*

State whether the Board as a whole has reserved the approval of the following decisions for itself:

	Yes	No
At the proposal of the company's chief executive, appointing and relieving senior managers of office,along with their compensation clauses.	X	
Directors' remuneration, as well as any additional remuneration for executive directors due to their executive functions and other conditions that their contracts must comply with.	X	

See note (B.1.14) in section G contained herein.

B.1.15. State whether the Board of Directors approves a detailed remuneration policy and specify the matters on which it takes decisions:

Yes X No ☐

	Yes	No
Amount of fixed items with a breakdown, should it be the case, of allowances for taking part in Board and Committee Meetings and an estimate of the fixed annual remuneration from which these arise	X	
Variable remuneration items	X	
Main features of social welfare schemes, along with an estimation of their amount or annual equivalent cost	X	
Conditions which the contracts of any individuals performing senior management functions as executive directors must comply with, among which they will be included	X	

B.1.16. State whether the Board brings a report on the directors' remuneration policy before the General Shareholders' Meeting's for its approval as a separate item on the agenda. If so, explain the aspects of the aforementioned report on the remuneration policy approved by the Board for the coming years, the most significant changes made to such policies compared to the policy applied during the financial year and an overall summary of how the remuneration policy was applied during the financial year. Provide details on the role played by the Remuneration Committee, whether external advice has been used and identify any external consultants that have provided such advice:

Yes ☐ No X

Matters on which the remuneration policy report takes a stance
The remuneration policy report declares essentially the fixed remuneration and the amount of allowances that correspond to each member of the Board of Directors according to his post and to his membership to the Committees.

Role played by the Remuneration Committee
Suggest to the Board of Directors the system and the amount of fixed remuneration and allowances of the Directors, as well as the remuneration of the Executive Directors and the rest of the conditions of their contracts, according to the internal regulations of the company.

	Yes	No
Has external advice been used?	X	

Identity of the external consultants	People Matters

See note (B.1.16) in section G contained herein.

B.1.17. Indicate any directors who are also simultaneously board members, executives or employees of compani sowning significant shareholdings in the listed company and/or in companies belonging to its group:

Name or trade name of the Director	Trade name of significant shareholder	Office
Arregui Ciarsolo, Juan Luis	IBERDROLA, S.A.	Deputy Chairman
Velasco Gómez, Pedro	IBERDROLA, S.A.	Manager of Non-Energy Businesses and Assets

Provide details of any relevant relationships of the members of the Board of Directors, other than the ones described in the preceding paragraph, which link them to significant shareholders and/or companies belonging to your group:

Name or trade name of the linked director	Name or trade name of the linked significant shareholder	Describe relationship
Rodríguez-Quiroga Menéndez, Carlos	IBERDROLA, S.A.	Provision of legal counseling services through a law firm
Fernández-Lerga Garralda, Carlos	IBERDROLA, S.A.	Provision of legal counseling services through a law firm
Velasco Gómez, Pedro	CORPORACIÓN IBV. PARTICIPACIONES EMPRESARIALES, S.A.	Director

See note (B.1.17) in section G contained herein.

B.1.18. State whether any amendments to the Board regulations have come about during the financial year:

Yes X No ☐

Description of amendments
By means of a resolution taken by GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Board of Directors on January 24, 2008, after having received a report from the Audit and Compliance Committee, the Board of Directors Regulations was amended. The amendment of the Board of Directors Regulations was communicated as a Significant Event to the agency in charge of supervising and inspecting the Spanish Stock Markets and the activities of all the participants in those markets which is called the Comisión Nacional del Mercado de Valores (hereafter, CNMV) on January 24, 2008 (Significant Event nº 88523) and registered in the Corporate Register of Álava on March 26, 2008. The amendment of the articles of the Board of Directors Regulations is inspired by two principles: a) To incorporate the Recommendations contained in the Unified Codex of Good Governance (hereafter, CUBG), as a general criteria. b) To guarantee the necessary flexibility in the organization and operation of the Board of Directors. The amendment of the Board of Directors Regulations that affected the Articles 1, 2, 3, 5, 6, 7, 9, 11, 13, 14, 15, 16, 17, 18, 20, 22, 26, 27, 34, 35, 38 and 42 is a consequence of the approval of the CUBG by the Board of Directors of the CNMV and the necessary coordination between the Board of Directors Regulations and the Bylaws of the company, amended by resolution taken by the General Shareholder's Meeting on May 25, 2007. The significance of the amendments in the text of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is held in the Report about the modification of the mentioned Regulations that was at the shareholders disposal at the call of the General Shareholder's Meeting of May 30, 2008 and is available in the address http://www.gamesacorp.com/en/investors/general-meetings/2008

B.1.19. Describe the procedures to appoint, reappoint, assess and dismiss directors. Specify the competent bodies, the formal steps to be taken and the criteria used in each of the procedures.

Appointment procedure:

Pursuant to Article 17 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Bylaws and Article 18 of the Board of Directors Regulations, the Members of the Board are *"appointed by the General Shareholders' Meeting".* However, *"should vacancies arise during the term for which they were appointed, the Board may appoint the individuals to fill such vacancies from among the shareholders until the next General Shareholders' Meeting is held"* and always in accordance with the provisions contained in the Corporations Law (Ley de Sociedades Anónimas) and the Bylaws.

According to Articles 15.4. a) and 18.2 of the Board of Directors Regulations any proposals for the appointment of Directors the Board of Directors may bring before the General Shareholders' Meeting for its consideration and any appointment decisions said body may take by virtue of the powers of cooptation legally attributed to it shall be preceded by the respective proposal issued by the Appointments and Remuneration Committee in the case of Non-Executive Independent Directors, and by a relevant report of the mentioned Committee in the case of the rest of Directors. The Board of Directors is entitled to reject a proposal or report from the Appointment and Remuneration Committee, but shall set forth the reasons for its decision and certify same in the minutes.

Article 19 of the same Regulations additionally states that *"the Board of Directors and the Appointments and Remuneration Committee shall make an effort within the sphere of their competencies to ensure that the proposal and appointment of candidates shall fall on individuals of renowned honorability, solvency, competence and experience. They shall take special care regarding the individuals called upon to fill the positions of Independent Directors.*

In the case of Directors who are legal persons, the individual who represents them to exercise the functions of the position shall be subject to the conditions of honorability, solvency, competence and experience set forth in the preceding paragraph and shall be personally required as regards the Directors' duties set forth in these Regulations."

Finally, the Article 15.4 m) of the Board of Directors Regulations confers the Appointments and Remuneration Committee the responsibility of ensuring that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory biases due to any reason whatsoever.

Appointments occurred:

According to the Significant Event number 91965 sent to the CNMV on date April 15th, 2008, Corporación IBV, Servicios y Tecnologías, S.A., member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., informed about the appointment of Mr. José Miguel Alcolea Cantos representing the company as individual in the Board of Directors, being the substitute of Mr. Luis Ramón Arrieta Durana. The Appointments and Remuneration Committee prepared a favorable prior report, to the effects of the Article 19.2 of the Board of Directors Regulations, because Mr. José Miguel Alcolea Cantos fulfills all the requirements established in those Regulations, necessary for the performance of the post.

According to the Significant Event number 94039 sent to the CNMV on date May 30th, 2008, the Shareholders' General Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. approved the ratification of the appointment of the member of the Board of Directors, under the category of external proprietary, Mr. Pedro Velasco Gómez, appointed by cooption by the Board of Directors, prior favorable report of the Appointments and Remuneration Committee in his meeting held on November 16th, 2007.

According to the Significant Event number 95007 sent to the CNMV on date June 26th, 2008, the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., prior favorable report of the Appointments and Remuneration Committee, under the terms of the Article 15.4.a) of the Board of Directors Regulations, approved unanimously the appointment of Iberdrola, S.A. as External Proprietary Director, having appointed Mr. José Miguel Alcolea Cantos as his individual representative in the Board of Directors.

Likewise according to the Significant Event number 98512 sent to the CNMV on date October 8th, 2008, the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., after the resignation as Director of Mr. Juan Carvajal Argüelles, approved unanimously, in his meeting held on October 7th, 2008, prior favorable report of the Appointments and Remuneration Committee, the appointment by cooption of Mr. Carlos Fernández-Lerga Garralda as member of the Board of Directors under the category of "Other External Directors".

Reappointment procedure:

In relation with the reappointment of the members of the Board of Directors, the Article 20 of the Board of Directors Regulations establishes that *"any proposals for the reappointment of Directors that the Board of Directors may resolve to bring before the General Shareholders' Meeting shall have to comply with a formal assessment process, of which a report issued by the Appointment and Remuneration Committee shall form part, in conformance with the Regulations herein."*

Assessment procedure:

Regarding the assessment the Article 16.6 of the Board of Directors Regulations states that *"before the end of each year, the Board of Directors shall draw up an annual agenda for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and efficiency of its operation, (ii) the Chairman's and CEO's performance of their responsibilities, working from a report prepared by the Appointment and Remuneration Committee and (iii) the functioning of the Committees, working from reports that they provide to the Board of Directors."*

In the exercise of that regulatory measure the Appointments and Remuneration Committee presented to the Board of Directors a report about the assessment, each made separately, of the Chairman and CEO of the company, of the Board of Directors, and of the proper Appointments and Remuneration Committee, report that was examined and approved by the Board of Directors in his meeting of February 28, 2008. In the same way, the Audit and Compliance Committee presented to the Board of Directors a report about his operation that was examined and approved by the Board of Directors in the same meeting of February 28, 2008.

Vacation procedure:

The vacation of directorships is governed by Article 22 of the Board of Directors Regulations which sets forth that *"Directors shall relinquish their office once the term for which they were appointed has elapsed, without prejudice to the possibility of their reappointment when the General Shareholders' Meeting may so resolve. The Board may likewise propose a Director's dismissal to the General Shareholders' Meeting".*

The formal steps and criteria to be followed for the vacation of office shall be those set forth in the Corporations Law *(Ley de Sociedades Anónimas)* and in the Companies Registry Regulations *(Reglamento del Registro Mercantil).*

Additionally the section 2 of the Article 22 of the Board of Directors regulations, contains the circumstances in which the Directors shall place their position at the Board of Directors' disposal and formally tender their resignation, if the Board sees fit after a report is issued by the Appointment and Remuneration Committee (see section B.1.20 of the present document).

See note (B.1.19) in section G contained herein.

B.1.20. State the circumstances in which directors are obliged to stand down.

According to Article 22.2 of the Board of Directors Regulations, *"Directors shall place their position at the Board of Directors' disposal and formally tender their resignation, if the Board sees fit after a report is issued by the Appointments and Remuneration Committee under the following circumstances:*

a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease being the holders of significant stable stakes in the Company, as well as whenever such shareholders withdraw their 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 7.1 of these Regulations apply, causing an incompatibility with the condition of being an Independent Director.

e) Whenever they are involved in a conflict of interest or prohibition as set forth in prevailing legislation, the Bylaws or these Regulations.

f) Whenever they are brought to trial or if a court ruling on the initiation of a court hearing against him/her is issued for any of the offences set forth in Article 124 of the Corporations Law (Ley de Sociedades Anónimas), or whenever they are involved in disciplinary proceedings for a serious offense by the supervisory authorities.

g) When they reach the age of 70 years. The Chairman, the Deputy Chairmen, the CEO, the Board Secretary and Deputy Secretary shall relinquish office at the age of 65, but may carry on as Directors. Standing down as a Director and from the position shall come about during the first Board of Directors' Meeting held after the General Shareholders' Meeting in which the annual accounts are approved for the financial year in which the Director reaches the aforementioned age.

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

i) Whenever they are issued a serious admonishment by the Audit and Compliance Committee or are severely punished by a public authority for having breached their duties as a Director.

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

Resignations occurred:

The company Corporación IBV, Servicios y Tecnologías, S.A., according to Article 22.2.a) of the Board of Directors Regulations, placed his position at the Board of Directors on March 13, 2008, as on March 7, 2008 the company was no longer the owner of a stable significant shareholding of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. after the sell of his total shareholding in the company. According to the Significant Event number 95007 sent to the CNMV on June 26, 2008, the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., with a previous favorable report of the Appointments and Remuneration Committee, following the Article 15.4 a) of the Board of Directors Regulations, approved unanimously, in his meeting of June 26, 2008, regarding the Article 22.2.a) of the Board of Directors Regulations, the resignation of the company Corporación IBV, Servicios y Tecnologías, S.A., Non-Executive Director representing a significant shareholder, and the appointment of Iberdrola, S.A., as a Non-Executive Director representing a significant shareholder.

B.1.21. State whether the role of the company's chief executive officer is linked to the office of Chairman of the Board. If so, state the measures that have been taken to limit the risks of accumulating too much power in the hands of a single person:

Yes X No ☐

Measures to limit risks

Several precautionary measures have been adopted by GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in order to reduce the risks of concentrating too much power in the hands of a single person, measures that are described as follows:

1. Appointment of one of the Non-Executive Independent Directors of the Company as Deputy Chairman

In the meeting of the Board of Directors of July 27, 2006 it was approved, with a previous report from the Appointments and Remuneration Committee, the appointment as Deputy Chairman of the Board of Directors of Mr. Jorge Calvet Spinatsch, Non-Executive Independent Direct or of the company.

Pursuant to the provisions set forth in Article 10 of the Board of Directors Regulations, the Deputy Chairman shall replace the Chairman should he be unable to perform his functions or in his absence.

Likewise, pursuant to the provisions set forth in Article 6.2.c) of the Board of Directors Regulations, the Board shall adopt all the necessary measures to ensure that a single individual or a small group of people shall not hold decision-making powers that are not subject to checks and balances.

The Article 9.4 of the Board of Directors Regulations states that "should the Chairman of the Board also be the Company's CEO, the Board of Directors may empower the Deputy Chairman, should he/she be an Independent Director, or one of the Independent Directors, so that they may coordinate and reflect the concerns of External Directors and request the Chairman to call a Board of Directors meeting when they see fit, as well as to direct the Board's assessment of its Chairman."

Consequently, the presence of the Deputy Chairman, as being an Independent Director, means a limit to concentrate too much power in a single person.

2. Absence of the Chairman and CEO in the meetings of the delegated Committees of the Board of Directors

The Board of Directors Regulations states in the Articles 14.1 and 15.1 that the Audit and Compliance Committee and the Appointments and Remuneration Committee are comprised of three External Directors.

Consequently, because of the executive category of the CEO he can not be a member of any of the delegated Committees of the Board of Directors, as it is expressly prohibited in the Bylaws, the Board of Directors Regulations and in the Audit and Compliance Committee Regulations.

3. Functions reserved to the Board of Directors

Following the Article 5 of the Board of Directors Regulations is transcribed and from its content its section 6 is to be emphasized as it states that "any powers that may not be delegated pursuant to the Law, the Bylaws or expressly set forth in an internal rule as such shall be exclusively reserved for the Board of Directors' consideration."

The above mentioned Article states the following:

Article 5. Mission and Functions of the Board

1. The mission of Gamesa's Board of Directors is to promote the Company's interests, to represent the Company and its shareholders in the management of its assets, to manage the business and to direct the business' administration.
2. Apart from the matters reserved for the competence of the General Shareholders' Meeting, the Board of Directors is the highest representative and decision-making body in the Company. It has no substantial constraints apart from those laid down in legislation and the Bylaws, and particularly in the corporate purpose.
3. The Board's policy is to delegate the Company's day-to-day management to executive bodies and the management team, thereby focusing its activity on exercising general oversight and setting overall strategies.
4. Without prejudice to the powers and functions delegated to the Audit and Compliance Committee and to the Appointment and Remuneration Committee, the Board shall deal with all matters of relevance to the Company and shall specifically assume the obligation of directly exercising the following responsibilities:
   (i) Approving the Company's overall policies and strategies and in particular:
      a) The strategic or business plan, as well as annual management targets and budgets.
      b) Defining the group of companies' structure.
      c) The corporate social responsibility policy.
      d) The risk identification, control and management policy, as well as the implementation and regular monitoring of internal information and control systems.
   (ii) Concerning general management:
      a) Setting general regulations and proposing the appointment of individuals to represent the Company, either as its administrators or as individuals representing them, in the Group companies' governing bodies as well as in those of its subsidiaries and of any companies in which it holds a stake, as long as the Board of Directors should so decide due to the relevance of any of these.
      b) As regards Senior Management, approving:
         –The appointments, dismissals –if applicable– and remuneration of the Company's Senior Management, including any compensation in the event of dismissal or removal from office;
         –Remuneration policy and performance assessments;
         –Organizing Senior Management's structure, organization chart and job descriptions.
         All of the foregoing shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board of Directors Committees, depending on the individual or body to which Senior Management may report and after having received a report from the Appointment and Remuneration Committee.
      c) Overseeing Senior Management's and Executives' management activities and, if necessary, adopting any disciplinary measures for them should they breach their Corporate Governance obligations and/or the Internal Code of Conduct Regarding the Securities Markets.
      d) After having received a report from the Audit and Compliance Committee, authorizing operations or transactions that may involve Conflicts of Interest (i) with the Company or the Group's companies, (ii) with Directors or their Related Parties, (iii) with shareholders owning significant stakes or represented on the Board and their Related Parties, (iv) with Senior Management and Executives, as well as (v) any other relevant transaction concerning the same, except when it is not necessary pursuant to the provisions set forth in Article 35.5 contained herein.
      e) Approving waivers and other authorizations concerning Directors' duties which lie within its competence according to these Regulations.
      f) Approving policies concerning treasury stock within the framework the General Shareholders' Meeting may lay down.
      g) Drawing up dividend policy to be brought before the General Shareholders' Meeting and taking resolutions on interim dividend amounts.
      h) Approving specific, multi-year incentive schemes after having received a report from the Appointment and Remuneration Committee.
      i) In general terms, approving operations that involve substantial amounts of the Company's assets, along with investments and operations of all kinds that, due to their large amounts or special characteristics, are of strategic importance according to the requirements or criteria the Board may set at the time.

Measures to limit risks (Continued)

(iii) Concerning the General Shareholders' Meeting:
The Board of Directors shall bring the following operations before the General Shareholders' Meeting for its approval:
i) The transformation of the Company into a holding through subsidiarization or the incorporation of essential activities performed up to that time by the Company itself into subsidiaries, even when the Company maintains full control over them.
ii) Acquisition or divestment transactions involving essential operating assets, whenever they involve an effective modification of the corporate purpose.
iii) Operations whose effect would be equivalent to liquidating the Company.

(iv) Concerning the Board's organization and running and after having received a proposal or report from the Appointment and Remuneration Committee:
a) (i) Appointing Directors to cover vacancies produced in the Board through cooptation and (ii) proposing to the General Shareholders' Meeting the appointment, ratification, reappointment and relieving of office of Directors, without prejudice to the entitlements granted to Shareholders pursuant to prevailing legislation.
b) Appointing and dismissing the Chairman, the CEO, the Secretary and, if necessary, the Deputy Chairman and Deputy Secretary, along with the members that should form part of each of the Committees set up within the Board.
c) Proposing the most appropriate number of directors in order to duly ensure the body is representative and runs smoothly.
d) Approving remuneration schemes (compensation, allowances, pension schemes, life insurance, liability insurance, etc.) for Directors that are legally within its competence and in accordance with the Bylaws, as well as additional remuneration schemes for Executive Directors due to their executive functions and the other conditions their contracts must fulfill, including any compensation in the event of dismissal or removal from office after having received the Appointment and Remuneration Committee's report.
e) Approving amendments to these Regulations under the terms set forth in Article 3.

(v) Concerning the annual accounts, transparency and veracity of the information:
a) Drawing up the annual accounts and management report, and proposing how both individual and consolidated profits are to be allocated, and submitting them before the General Shareholders' Meeting, along with the quarterly and half-yearly financial statements, should it be the case.
b) Setting shareholder, market and public reporting and communications policies and contents, and more specifically that of the Company's corporate Website, where the shareholders' entitlement to information shall be attended, and disclosing relevant information. All of the foregoing shall be done pursuant to prevailing legislation.
c) Ensuring that information that has to be disclosed to the public is transparent, including the Directors' and Senior Management's remuneration.
d) Pursuant to the provisions set forth in Article 37 of the Regulations, drawing up, approving, informing about and publishing the Annual Corporate Governance Report with the contents and under the terms that may be legally laid down by prevailing legislation at any one time.
e) Approving the Internal Rules of Conduct for the Securities Markets.
f) Drawing up and approving the Company's Sustainability Report or Social Responsibility Report pursuant to Article 39 of the Regulations, with the regularity it may deem appropriate and, should it be the case, defining and promoting corporate social responsibility actions.

5. The Board shall also have the functions the Law may attribute to it, those which the General Shareholders' Meeting may delegate to it, those contained in the General Shareholders' Meeting Regulations and the ones specifically set forth herein.
6. Any powers that may not be delegated pursuant to the Law, the Bylaws or expressly set forth in an internal rule as such shall be exclusively reserved for the Board of Directors' consideration.

4. Assessment of the Chairman and CEO

The Article 16.6 of the Board of Directors regulations states that *"before the end of each year, the Board of Directors shall draw up an annual agenda for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and efficiency of its operation, (ii) the Chairman's and CEO's performance of their responsibilities, working from a report prepared by the Appointments and Remuneration Committee and (iii) the functioning of the Committees, working from reports that they provide to the Board of Directors."*

Consequently, the performance of his functions by the Chairman and the CEO, besides of being under the censorship of the shareholders, is under the control of the Board of Directors and the Appointments and Remuneration Committee.

State and, if necessary, explain whether rules have been laid down empowering one of the independent directors to request the calling of a Board meeting or the inclusion of additional points on the agenda in order coordinate and address the concerns of non-executive directors and to direct assessments by the Board of Directors.

Yes X No ☐

Explanation of the rules

Article 9.4 of GAMESA CORPORACIÓN TECNOLÓGICA's Board of Directors Regulations sets forth that *"should the Chairman of the Board also be the Company's CEO, the Board of Directors may empower the Deputy Chairman, should he/she be an Independent Director, or one of the Independent Directors, so that they may coordinate and reflect the concerns of External Directors and request the Chairman to call a Board of Directors meeting when they see fit, as well as to direct the Board's assessment of its Chairman."*

The office of Deputy Chairman of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Board of Directors is held by the Independent Director Mr. Jorge Calvet Spinatsch.

B.1.22. Are reinforced majorities other than the statutory majorities required for any kind of decision?

Yes X No ☐

Indicate how Board of Directors' resolutions are adopted, stating at least the minimum quorum and the type of majority required to adopt resolutions:

Adoption of resolutions		
Description of the resolution	Quórum	Type of Majority
All except the circumstances under which another quorum has been specifically set forth (Article 17.3 of the Board of Directors Regulations).	The Board shall be duly constituted when half plus one of the Directors are either present or duly represented (Article 17.1 of the Board of Directors Regulations).	Resolutions shall be adopted by an absolute majority of the directors attending (either present or by proxies) (Article 17.3 of the Board of Directors Regulations).

B.1.23. Explain whether there any specific requirements to be appointed as chairman other than those applicable to directors.

Yes ☐ No X

Description of the requirements

B.1.24. State whether the chairman has a casting vote:

Yes ☐ No X

Matters on which there is a casting vote

B.1.25. State whether the bylaws or the Board regulations set any age limit for directors:

Yes X No ☐

Age limit for Chairman	65
Age limit for CEO	65
Age limit for Directors	70

B.1.26. State whether the bylaws or the Board regulations lay down a limit for the independent directors' term of office:

Yes ☐ No X

Maximum number of years for term of office

B.1.27. In the event of the number of directors being insufficient or none, explain the reasons why and the initiatives taken to correct such a situation.

Explanation of reasons and initiatives
During the year 2008 active search initiatives of female candidates has been adopted. Search initiatives of female candidates that, combining the necessary profile and the criteria established in the Article 19 of the Board of Directors Regulation, shall accept an eventually appointment as member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

In particular, state whether the Appointments and Remuneration Committee has set forth procedures so that selection processes do not suffer from implicit biases that may hinder the selection of directors and may deliberately seek candidates that meet the required background:

Yes X No ☐

State the main procedures
The Appointments and Remuneration Committee, according to the Article 19 of the Board of Directors Regulations, has established as recruitment procedures of Directors, those of honorability, reliability, competence and experience, assuring that female candidates, that fulfill the mentioned profile, are included in the recruitment process.

B.1.28. State whether there are formal procedures for voting by proxy at Board of Directors' meetings. If so, provide brief details.

Pursuant to Article 27.2 b) of the Board Regulations, *"Directors shall perform their functions with the diligence of an orderly businessperson and of a loyal representative and shall be specifically obliged to take part in the meetings of the bodies of which they form part and to actively participate in deliberations, so that their perspective makes an effective contribution to decision-making. Should a Director not be able to attend the meetings to which he/she has been called for justifiable reasons, he/she shall issue instructions to the Director who shall represent him/her if at all possible, assuring that said representation and vote are left in the hands of a Director operating under the same conditions."*

It shall be remarked that regarding the previous text of the Board of Directors Regulations of April 28, 2004, in the current version of the text approved by the Board of Directors on January 24, 2008 it states the novelty that the Director shall assure that the delegation of representation and vote is made to a Director that posses his same category.

For these purposes, all documents calling the Board of Directors meetings include a specific proxy form for the meeting in question and, should it be necessary, voting instructions should the director granting the proxy wish to use them. Hence, pursuant to Article 18 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Bylaws *"any Director may especially grant written authorization of proxy to another Director for each meeting by giving notice thereof to the Chairman or the Board Secretary through any of the means described in paragraph 2 of this Article".*

The two Directors, that during the year 2008, did not attend a meeting of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A, as it is included in the section B.1.30 of the present document, did use the delegation faculty previously described, according to the Board of Directors Regulations and the Bylaws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

B.1.29. State the number of Board of Directors meetings held during the financial year. Similarly, state the number of times the Board has held a meeting without the chairman's presence, if any:

Number of Board meetings	14
Number of Board meeting without the Chairman's presence	0

State the number of meetings the Board's various committees have held throughout the year:

Number of meetings of the Executive or Delegated Committee	N/A
Number of meetings of the Audit Committee	11
Number of meetings of the Appointments and Remuneration Committee	8
Number of meetings of the Appointments Committee	N/A
Number of meetings of the Remuneration Committee	N/A

See note (B.1.29) in section G contained herein.

B.1.30. State the number of Board of Directors meetings held during the financial year without the presence of all of its members. Any proxies made without specific instructions shall be construed as a lack of attendance.

Number of non-attendances by directors during the financial year	1
% of non-attendances compared to the total of votes during the financial year	0.06%

See note (B.1.30) in section G contained herein.

B.1.31. State whether the individual and consolidated annual accounts that are brought before the Board for its approval are previously certified:

Yes ☐ No X

If so, name the person/people who has/have certified the Company's individual or consolidated annual accounts to be drawn up by the Board:

Name	Office

B.1.32. Explain the mechanisms, if any, that the Board of Directors has set to avoid the annual individual and consolidated accounts drawn up by it from being brought before the General Shareholders' Meeting with qualifications in the auditor's report.

Article 22 of the Corporate Bylaws sets forth, among others, the following competencies for the Audit and Compliance Committee:

"d) Know the financial information process, revise the information which the Company must periodically and/or compulsorily supply to the markets and its supervision bodies, in sufficient detail to ensure it is correct, accurate, sufficient and clear, and know the Company's internal control systems, as well as check their suitability and integrity, supervising the identification, measuring and control of risks.

e) Maintain relations with the External Auditors in order to receive information about issues that may put their impendence at risk, and anything else relating to the development of the account auditing, as well as those other communications set out in the account audit legislation and in the auditing technical rules, and to serve as a communication channel between the Board of Administration and the auditors, assess the results of each audit and the replies from the management team and its recommendations and mediate in the cases of disagreement between them in relation to the principles and criteria applicable to the preparation of the financial balances.

f) Revise the content of the audit reports before they are issued, ensuring that the said content and the opinion about the annual accounts is drafted clearly and precisely, as well as supervising performance of the audit contract.

g) Monitor compliance with the legal requirements and the correct application of the generally accepted accounting principles, and inform the Board of any significant change in the accounting criteria and of the balance and other risks."

For its part, Article 14.5.e) of the Board of Directors Regulations sets forth that the Audit and Compliance Committee's basic responsibilities include *"assessing the results of each audit and the responses of the management team to its recommendations, and mediating should there be discrepancies between them regarding the applicable criteria in the drawing up of the financial statements".*

Along the same lines, Article 6 of the Audit and Compliance Committee Regulations, in his version approved on October 21, 2008 (hereafter, the Audit and Compliance Committee Regulations) sets forth among this Committee's main functions regarding external audits:

"e) Serving as a communications channel between the Board of Directors and the External Auditor, evaluating the results of each audit as well as the management team's responses to its recommendations. Mediating 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, independently of the Company financial management's relation with the External Auditor, and of the direct interlocutory and reporting role that said management should maintain with the Committee as to issues mentioned in the present Article.

f) Reviewing the audit reports before they are issued, making sure that the content and opinions concerning the annual accounts are expressed clearly, precisely, and without qualifications by the External Auditor."

In practice, such work is continuously performed by this Committee throughout the financial year by submitting reports to the Board of Directors concerning the Company's economic and financial situation, which are filed on a quarterly basis to the National Securities Market Commission (Comisión Nacional del Mercado de Valores).

One of the main aims of the Audit and Compliance Committee's reports, which are submitted before the Board of Directors in full prior to their approval, is to reveal any aspects that could lead to qualifications in the auditor's report on GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and its consolidated group. Should this be the case, any relevant recommendations are formulated to avoid such qualifications.

It also shall be remarked that the External Auditor has appeared in the Audit and Compliance Committee in three occasions during the financial year ending on December 31, 2008:

–appearance on February 27, 2008 related to the preparation of the annual accounts referring to the financial year ending on December 31, 2008.

–appearance on July 23, 2008 related to the procedures approved about the intermediate financial statements of June 30, 2008.

–appearance on December 17, 2008, related to the most relevant aspects, identified in its preliminary stage, about the annual accounts of the financial year ending in December 31, 2008.

Lastly, according to Article 43.5 of the Board of Directors Regulations, this body *"shall endeavor to definitively draw up the accounts in such a manner so as to ensure that there are no auditor's qualifications. Nonetheless, should the Board see fit to maintain its criteria, it shall publicly explain the contents and scope of the discrepancy."*

B.1.33 Does the Secretary to the Board also hold a directorship?

Yes X No ☐

See note (B.1.33) in section G contained herein.

B.1.34. Explain the procedures to appoint and relieve the Secretary to the Board of office, stating if a report on his/her appointment and relieving of office has been issued by the Appointments Committee and approved by the Board.

Procedure for appointment and relieving of office
Pursuant to Articles 5.4. iv) b), 11 and 15 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the appointment and relieving of the Secretary to the Board shall be approved by the Board of Directors with a previous report, in both cases, of the Appointments and Remuneration Committee.

	Yes	No
Does the Appointments Committee issue a report about the appointment?	X	
Does the Appointments Committee issue a report about the relieving of office?	X	
Does the Board as a whole approve the appointment?	X	
Does the Board as a whole approve the relieving of office?	X	

Has the Secretary to the Board been specifically charged to oversee the recommendations of good governance?

Yes X No ☐

Comments
Article 11.3 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors Regulations sets forth that "the Secretary shall at all times ensure the substantive and material formality of the Board's actions and specially oversee that the Board's actions a) Comply with the wording and spirit of the Law and its regulations, including those approved by regulatory bodies. b) Comply with all Company Bylaws and with the Board and General Shareholders' Regulations, along with any others the Company may have. c) Take into consideration any recommendations on good governance issued by regulatory authorities that the Company may have accepted in its Bylaws and/or Regulations."

B.1.35. State whether any mechanisms have been established by the company to ensure the independence of the auditor, financial analysts, investment banks and rating agencies.

Pursuant to the provisions set forth by Article 22 e) of the Bylaws, Article 14.5 e) of the Board of Directors Regulations and Article 6 of the Audit and Compliance Committee Regulations, one of this committee's functions is *"maintaining relationships with External Auditors to receive information on any matters that could place their independence at risk and regarding any other matters concerning the performance of the account auditing process, as well as of any other disclosures laid down by account auditing legislation and technical auditing standards, and serving as a channel of communications between the Board of Directors and the auditors, assessing the results of each audit and the management team's response to its recommendations, and mediating in the event of discrepancies between them regarding the principles and criteria applicable in the drawing up of financial statements".* As Article 6 e) of the Audit and Compliance Committee Regulations lays down, this should be construed *"independently of the Company financial management's relation with the External Auditor, and of the direct interlocutory and reporting role that said management should maintain with the Committee as to issues mentioned in the present Article."*

In the functions previously detailed, that are entrusted to the Audit and Compliance Committee by the Board of Directors, is to *"assure"* the independence of the External Auditor and to that effect assure that the company and the External Auditor respect the current law about other services rendered than auditing work, the limits of concentration of the business of the External Auditor and, in general, others rules established to assure the independence of the External Auditors.

In this context the Audit and Compliance Committee requests the External Auditors a written statement of their independence for the performance of the auditing work of the annual accounts, as well as a complementary statement, if necessary, declaring that the performance of other services different than auditing the annual accounts did not mean a non-fulfillment related to their rules of independence.

Regarding the information provided to financial analysts and investment banks, the submission of results and other relevant documents issued by the Company is performed simultaneously for all of them after they are duly sent to the National Securities Market Commission *(Comisión Nacional del Mercado de Valores - CNMV).*

In particular, pursuant to the CNMV Recommendation of December 22, 2005, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. gives seven days' prior notice of any meetings to be held with analysts and investors, indicating the date and time set for such meetings, in addition to the technical means (teleconference, webcast) through which any interested party may follow them live.

Any documents that will serve as support to the meetings are made available through the company's website (www.gamesacorp.com) shortly before the meeting begins.

In addition, a direct Spanish/English translation service is made available to participants.

Lastly, a recording of the meeting is made available to investors on the company's website (www.gamesacorp.com) for a month.

Road shows are also regularly conducted in the most important countries and financial centers. Individual meetings with all such market players are held during these events. Their independence is protected by the existence of a specific counterpart dedicated to dealing with them, thereby guaranteeing objective, fair and non-discriminatory treatment.

See note (B.1.35) in section G contained herein.

B.1.36. State whether the company changed its external auditor during the financial year. If so, identify both the former and current auditor:

Yes ☐ No X

Former auditor	Current auditor

If there have been any disagreements with the former auditor, explain their contents:

Yes ☐ No X

Explanation of disagreements

B.1.37. State whether the auditing firm performs other work for the company and/or its group other than auditing work. If so, state the amount of the fees received for such work and the percentage it represents as regards the fees invoiced to the company and/or its group:

Yes X No ☐

	Company	Group	Total
Amount of work other than auditing work (thousands euros)		1,435	1,435
Amount of work other than auditing work / total amount amount invoiced by the auditing firm (%)		55.79 %	55.79 %

B.1.38. State whether the auditor's report on the Annual Accounts of the preceding financial year contains any reservations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the contents and scope of said reservations or qualifications.

Yes ☐ No X

Explanation of the reasons

B.1.39. State the number of years which the current auditing firm has uninterruptedly audited the annual accounts of the company and/or its group. Likewise, state the percentage represented by the number of years audited by the current auditing firm in relation to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of consecutive years	18	18

	Company	Group
Number of years audited by the current auditing firm / Number of years the company has been audited (in%)	100 %	100 %

B.1.40. State the shareholdings members of the company's Board of Directors hold in the share capital of companies having the same, analogous or complementary type of activity as the corporate purpose of both the company and the group, of which the company has been notified. Likewise, indicate the positions and functions the aforementioned directors hold:

Name or trade name of the Director	Name of company in which shares are held	% shareholding	Position or functions
Arregui Ciarsolo, Juan Luis	IBERDROLA, S.A.	1.533 %	Deputy Chairman, Member of the Executive Committee and of the Appointments and Remuneration Committee
IBERDROLA, S.A.	IBERDROLA RENOVABLES, S.A.	80 %	None
	IBERDROLA GENERACIÓN, S.A.	100 %	Single Administrator
	IBERDROLA ENERGÍA, S.A.	100 %	Single Administrator
	IBERDROLA INGENIERIA Y CONSTRUCCION, S.A.U.	100 %	Single Administrator
	SCOTTISH POWER, LIMITED	100 %	None
Velasco Gómez, Pedro	IBERDROLA, S.A.	0.000 %	Manager of Non-Energy Businesses and Assets
Fernández-Lerga Garralda, Carlos	IBERDROLA RENOVABLES, S.A.	0.000 %	None

See note (B.1.40) in section G contained herein.

B.1.41. State whether there is a procedure so that directors may benefit from external advice and, if so, provide details:

Yes X No ☐

Details of the procedure

Pursuant to the provisions set forth in Article 25 of the Board of Directors Regulations, in the version approved on January 24, 2008, *"in order to be aided in the performance of their duties, External Directors may request the contracting of legal, accounting and financial experts, as well as other experts at the Company's cost.*
The commission must necessarily be related to specific problems of a certain relevance and complexity that arise during the course of the duties' performance.
The request to contract such experts must be made to the Company's Chairman and can be vetoed by the Board of Directors should it find that:

a) t is not necessary in order to properly perform the functions External Directors are entrusted with;
b) its cost is unreasonable with a view to the problem's importance and the Company's assets and revenues;
c) the professional advice requested can be properly given by in-house experts and technicians;
d) it may entail a risk to the confidentiality of the information that has to be handled."

Likewise, Article 21 of the Audit and Compliance Committee Regulations sets forth the mechanisms and limits for the external professional advice that can be requested.
Concerning the Appointments and Remuneration Committee, it may *"request external professional advice, and in such an event, the provisions set forth in these Regulations shall apply"*, in order to improve the performance of its functions pursuant to Article 15.9 of the Board of Directors Regulations.

B.1.42. State whether there is a procedure so that directors may count on having the necessary information to prepare for governing body meetings sufficiently in advance:

Yes X No ☐

Details of the procedure

Article 18 of the Corporate Bylaws states that *"the Board of Administration will be called, and all of the documentation necessary for it and any other exchange of document between the members of the Board of Administration, by letter, fax or telegram. They can also be done by any other electronic, telematic, computerised or similar method that allows for the sending and receipt of letters and documents."*
Similarly, Article 27.2.a) of the Board of Directors Regulations sets forth that *"Directors should inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong".*
Additionally, Article 24 of the Board of Directors Regulations empowers Directors *"to request any information about the Company they may reasonably need, as long as it is required for the performance of their duties. The entitlement to information shall also cover the Group's Spanish and foreign companies and subsidiaries.*
In order not to disturb the Company's day-to-day management when exercising the entitlement to information, such requests shall be channeled through the Chairman, the Chief Executive Officer or the Secretary to the Board, who shall respond to the Director's request by directly providing him/her with the information, indicating the appropriate person within the organization to deal with the request or putting into place measures so that the Director may conduct the verification or inspection tasks he/she may need on site.
Should the person responsible for responding to the Director's request have refused to provide the information requested considering that it could prejudice the Company's interests, it shall be the Board of Directors' responsibility to resolve the issue pursuant to the provisions laid down in the Corporations Law (Ley de Sociedades Anónimas)".

B.1.43. State whether the company has laid down rules that oblige directors to report circumstances that could harm the company's good standing and reputation and, if necessary, resign. If so, provide details:

Yes X No ☐

Explain the rules
As was indicated in Section B.1.20 above, Article 22 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. lays down the circumstances in which Directors must place their office at the Board's disposal and tender their resignation should the Board deem it suitable. Harming the company's good standing and reputation is one of these reasons. More specifically, Directors should proceed as above whenever: a) *a) "They are involved in a conflict of interest or prohibition as set forth in prevailing legislation, the Bylaws or these Regulations" (Article 22.2.e).* *b) "Whenever they are brought to trial or if a court ruling on the initiation of a court hearing against him/her is issued for any of the offences set forth in Article 124 of the Corporations Law (Ley de Sociedades Anónimas), or whenever they are involved in disciplinary proceedings for a serious offense by the supervisory authorities." (Article 22.2.f)* *c) "Whenever they are issued a serious admonishment by the Audit and Compliance committee or are severely punished by a public authority for having breached their duties as a Director" (Article 22.2.i).* *d) "Whenever their permanence on the Board may place the Company's interests at risk " (Article 22.2.j).* *Likewise it should be pointed out that the members of the Board of Directors shall inform the Board of Directors of any criminal proceedings in which they are involved as suspects, as well as about any subsequent procedural events, according to the Article 22.3 of the Board of Directors Regulations.*

B.1.44. State whether any member of the Board of Directors has informed the company that he/she has been brought to trial or that a ruling has been issued for the initiation of a court hearing against him/her for any of the offences set forth in Article 124 of the Corporations Law *(Ley de Sociedades Anónimas):*

Yes ☐ No X

Name of director	Criminal trial	Comments

State whether the Board of Directors has analyzed the case. If the response is yes, explain the grounds for the decision taken on whether or not the director should continue in office.

Yes ☐ No ☐

Decision taken	Grounds
Should retain office / Should not retain office	

B.2. The Board of Directors' Committees

B.2.1. List all of the Board of Directors' Committees and their members.

EXECUTIVE OR DELEGATE COMMITTEE

Name	Office	Type

AUDIT AND COMPLIANCE COMMITEE

Name	Office	Type
Calvet Spinatsch, Jorge	Chairman	Non-Executive Independent
Velasco Gómez, Pedro	Member	Non-Executive Director representing a significant shareholder
Vázquez Egusquiza, José María	Member	Non-Executive Independent
Fernández-Lerga Garralda, Carlos	Secretary (Non-Member)	Other Non-Executive Directors

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Office	Type
Fernández Martínez, Pascual	Chairman	Other Non-Executive Directors
Arregui Ciarsolo, Juan Luis	Member	Non-Executive Director representing a significant shareholder
Bergareche Busquet, Santiago	Member	Non-Executive Independent
Fernández-Lerga Garralda, Carlos	Secretary (Non-Member)	Other Non-Executive Directors

APPOINTMENTS COMMITTEE

Name	Office	Type

REMUNERATION COMMITTEE

Name	Office	Type

_____ COMMITTEE

Name	Office	Type

See note (B.2.1) in section G contained herein.

B.2.2 State whether the functions set out below correspond to the Audit Committee:

	Yes	No
Overseeing the process of drawing up financial information on the company and its integrity and, if so, of the group, checking compliance with regulatory requirements, the appropriate delimitation of the consolidation boundary and the correct application of accounting standards	X	
Regularly checking internal control and risk management systems, so as to ensure the main risks are identified, managed and adequately known	X	
Overseeing the independence and efficiency of internal auditing functions; proposing the recruitment, appointment, reappointment and dismissal of the head of internal auditing; proposing this service's budget; receiving regular information on its activities; and ensuring that senior management takes into consideration the conclusions and recommendations contained in its reports	X	
Setting and overseeing a mechanism that allows employees to confidentially and, if deemed appropriate, anonymously report any irregularities that could be potentially important, especially financial and accounting irregularities they may notice within the company	X	
Bringing before the Board proposals to recruit, appoint, reappoint and replace the external auditor, along with their contracting conditions.	X	
Receiving information from the external auditor about the auditing plan on a regular basis, in addition to the results of its performance, and checking to ensure senior management takes its recommendations into account	X	
Ensuring the external auditor's independence	X	
In the case of groups, making sure the group's auditor takes on responsibility for the audits of the companies making up the group.	X	

B.2.3. Briefly describe the rules for organizing and running the Board's committees, as well as the responsibilities attributed to each of the committees.

Audit and Compliance Committee

As set forth by Article 1 of its Regulations, *"according to Article 22 of the Corporate Bylaws (hereunder, the Bylaws) and Article 13 of the Board of Directors Regulations (hereunder, the Board Regulations), the Audit and Compliance Committee of Gamesa Corporación Tecnológica, S.A. (hereunder, Gamesa, or the Company) is a consultative and informative internal body of the Board of Directors having powers of information, consulting and proposal making. The Audit and Compliance Committee shall be governed by the present Rules of Procedure (or Rules), as well as by all applicable laws, bylaws, and Board Regulations."*

Organization

In accordance to Article 14 of the Board of Directors Regulations and Article 12 of the Audit and Compliance Committee Regulations, the rules of organization of the Audit and Compliance Committee can be summarized as follows:

a) The Audit and Compliance Committee shall be comprised of three (3) External Directors, appointed by the Board of Directors.

b) The members of the Audit and Compliance Committee shall be chosen by the Board of Directors from among the External Directors, working from the proposals of the Appointment and Remuneration Committee.

c) The Board shall endeavor to ensure that the members of the Audit and Compliance Committee, and more particularly its Chairman, are appointed by taking into account their knowledge and experience in accounting, auditing or risk management matters, although they must not be experts.

d) The Audit and Compliance Committee shall choose a Chairman from among its members, who shall have to be an External Director.

e) The Audit and Compliance Committee shall likewise appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary to the Board of Directors. The Committee's Secretary does not have to be a Director, in which case he/she shall not be considered as a member of the Committee.

f) Members of the Audit and Compliance Committee shall be appointed for a maximum period of four (4) years, and may be reappointed for one or more terms of equal length.

   The Chairman of the Audit and Compliance Committee shall be replaced every four years. Former chairmen may be re-elected to the post once one year has elapsed from the moment they have relinquished the post, without prejudice to the continuity of his membership of the Audit and Compliance Committee.

g) The members of the Committee shall leave their position

   a. When they cease to be Directors

   b. Upon decision of the Board of Directors.

Operational rules

In accordance to Article 13 and 14 of the Audit and Compliance Committee Regulations, the operational rules of the Audit and Compliance Committee can be summarized as follows:

a) The Audit and Compliance Committee shall meet at least four (4) times per year in order to review financial & economic, and management information before its presentation before third parties, or upon the decision of its Chairman, who should do so whenever the Board of Directors or its Chairman request a report or proposals. Meetings should also be called when needed for the proper exercise of Committee duties or when requested by two Committee members.

b) Notification of Audit and Compliance Committee meetings shall be done by letter, fax, telegram or email, and shall be duly authorized by the signature of the Chairman or the Secretary, the latter upon order of the Chairman.

   Excepting urgent situations, notifications shall be sent out at least three (3) days before the meeting. All notifications shall include the meeting agenda, along with all duly summarized and prepared information needed for the meeting.

   Audit and Compliance meeting notifications shall not be necessary when all members are present, and unanimously accept to hold a meeting.

   The Board of Directors Regulations pertaining to the possibility of calling extraordinary meetings, as well as the acceptance of written or out-of-meeting votes, shall apply to Audit and Compliance Committee meetings.

c) The Committee shall meet at company headquarters or at another location announced in the notification.

d) The Committee shall be validly constituted when more than half of its members are either present or represented. Absences occurring once the Committee has been constituted shall not affect the validity of the meeting.

e) Committee meetings may also be held via videoconferencing or telephone multi-conferencing. The meeting will be regarded as having occurred at what was shown in the notification as the central meeting location. In the absence of same, the meeting location shall be regarded as that place at which most Directors are present.

f) Any Committee member may confer proxy representation on another member. Such representation must be newly conferred for each meeting, with notification by any of the means described in the first section of this Article to the Chairman, the Secretary or to the Audit and Compliance Committee.

g) The Chairman shall direct the discussion, yield the floor to each new speaker, and close out the issue when he or she deems it to have been sufficiently treated. Votes shall be cast by means of raised hands.

h) Should the Chairman not be able to attend due to illness or some other cause, the meeting shall be led by the Director with the most seniority in terms of Committee appointment. If two members have the same seniority, then the eldest of the two shall lead the meeting. Should the Secretary be absent due to illness, etc., his or her place shall be taken by a member having the least seniority in the Committee. In the case of equally short seniority, the younger Director shall assume the function.

i) Decisions shall be adopted by absolute majority of the Committee members attending the meeting, notwithstanding the concept of majority vote required by law or by Company Bylaws.

   Committee deliberations and decisions shall be entered into a book of minutes, signed by the Chairman and the Secretary or those acting in their stead, and shall be approved by the Committee at the end of the meeting or at the following meeting.

j) When the issues to be addressed at a Committee meeting directly affect one of its members or their related parties and when, in general, said Director finds him or herself in a situation of conflict of interest, that Director must leave the meeting until a decision has been reached. Said member shall not be counted when determining the quorum or majority in voting on the issue at hand.

Responsibilities

Article 22 of the Corporate Bylaws states that *"without prejudice to any other responsibilities it may be charged with by the Board, the Audit and Compliance Committee shall at least have the basic responsibilities set forth below:*

a) Informing the General Shareholders' Meeting about any matters that the shareholders may broach regarding matters within its competence.

b) Proposing to the Board of Directors the appointment of the external Auditors of Accounts referred to by Article 204 of the Revised Text of the Corporations Law (Texto Refundido de la Ley de Sociedades Anónimas) for submission to the General Shareholders' Meeting's consideration, as well as their contracting conditions, the scope of their professional mandate, safeguarding their independence and, should it be the case, their renewal or dismissal and overseeing their independence.

c) Overseeing the Company's and its Group's internal auditing services approved by the Internal Auditing Plan, overseeing both the internal and external material and human resources needed by the Auditing department to perform its tasks. Informing about the appointment or dismissal of the Internal Auditing Manager.

d) Dealing with the financial reporting process, sufficiently checking the information the Company should regularly and/or statutorily provide to the markets and to their supervisory bodies in order to ensure its accuracy, reliability, sufficiency and clarity, knowing about the Company's internal control systems, as well as verifying their appropriateness and integrity by overseeing the identification, measurement and control of risks.

e) Maintaining relationships with External Auditors to receive information on any matters that could place their independence at risk and regarding any other matters concerning the performance of the account auditing process, as well as of any other disclosures laid down by account auditing legislation and technical auditing standards, and serving as a channel of communications between the Board of Directors and the auditors, assessing the results of each audit and the management team's response to its recommendations, and mediating in the event of discrepancies between them regarding the principles and criteria applicable in the drawing up of financial statements.

f) Checking the contents of auditor's reports before issuing them, endeavoring to ensure that such contents and the opinions expressed in them about the annual accounts are drafted clearly and precisely, as well as overseeing the fulfillment of the auditing agreement.

g) Ensuring compliance with legal requirements and the correct application of generally accepted accounting standards, and informing the Board of any significant changes of accounting criteria and of risks in the balance sheet and not included in it.

h) Providing information about transactions that entail or could entail conflicts of interest or about transactions with shareholders owning a significant stake and, in general terms, concerning the matters set forth in Chapter IX of the Board of Directors Regulations.

i) Providing information concerning the Board's possible authorization or waiving thereof to Directors in the circumstance set forth in Article 5.4.ii).e) of the Board of Directors Regulations.

j) Approving transactions entailing a conflict of interest or transactions with a shareholder holding a significant stake under the terms set forth in Articles 30.6 and 35.4 of the Board of Directors Regulations and in compliance with them, when it is so charged by the Board's Chairman.

k) Overseeing compliance with the Internal Code of Conduct Regarding the Securities Market, with the Board of Directors Regulations and, in general terms, with the Company's rules of governance, as well as putting forward proposals for their improvement.

The Audit and Compliance Committee is particularly responsible for receiving information from the Legal Compliance Unit regarding the aforementioned matters and, if necessary, issuing reports on disciplinary matters to members of the Company's Senior Management and Executives for not complying with their Corporate Governance obligations and/or the Internal Code of Conduct Regarding the Securities Market, as well as resolving questions concerning Corporate Governance and its compliance which the Legal Compliance Unit may raise pursuant to the Internal Code of Conduct Regarding the Securities Market.

l) Drawing up and bringing an annual report on Corporate Governance before the Board for its approval.

m) Drawing up an annual report on the Audit and Control Committee's activities.

n) Supervising the way in which the Company's website runs concerning making information on Corporate Governance publicly available.

o) Providing information on matters within its competence in the Company's Sustainability Report or its Social Responsibility Report for its approval by the Board of Directors.

p) Proposing modifications to the Board of Directors Regulations, and informing about matters within its competence regarding any modifications that may be made for the Board's approval thereof".

According to Article 145.5 of the Board of Directors Regulations, "without prejudice to other responsibilities the Board may assign to it, the Audit and Compliance Committee shall have at least the following basic responsibilities:

a) Informing the General Shareholders' Meeting about any matters that the shareholders may broach regarding matters within its competence;

b) Proposing to the Board of Directors the appointment of the external Auditors of Accounts referred to by Article 204 of the Revised Text of the Corporations Law (Texto Refundido de la Ley de Sociedades Anónimas) for submission to the General Shareholder's Meeting's consideration, as well as their contracting conditions, the scope of their professional mandate, safeguarding their independence and, should it be the case, their removal or dismissal and overseeing their independence;

c) Overseeing the Company's and its Group's Internal Audit services approved by the Internal Audit Plan, overseeing both the internal and external material and human resources needed by the Internal Audit Department to perform its tasks and informing about the appointment or dismissal of the Internal Audit Manager;

d) Dealing with the financial reporting process, sufficiently checking the information the Company should regularly and/or statutorily provide to the markets and to their supervisory bodies in order to ensure its accuracy, reliability, sufficiency and clarity, being familiar with the Company's internal control systems, as well as verifying their appropriateness and integrity by overseeing the identification, measurement and control of risks. It shall likewise ensure that the regular financial reporting is drawn up with the same accounting criteria as the annual financial information;

e) Maintaining relationships with External Auditors to receive information on any matters that could place their independence at risk and regarding any other matters concerning the performance of the account auditing process,

as well as of any other disclosures laid down by account auditing legislation and technical auditing standards, and serving as a channel of communications between the Board of Directors and the auditors, assessing the results of each audit and the management team's response to its recommendations, and mediating in the event of discrepancies between them regarding the principles and criteria applicable to the drawing up of financial statements;

f) Checking the content of auditor's reports before they are issued, endeavoring to ensure that such contents and the opinions expressed therein about the annual accounts are drafted clearly and precisely, as well as overseeing the fulfillment of the auditing agreement;

g) Ensuring compliance with legal requirements and the correct application of generally accepted accounting standards, and informing the Board of any significant changes of accounting criteria and of both on and off the balance sheet risk;

h) Providing information about transactions that entail or could entail conflicts of interest or about transactions with shareholders owning a significant stake and, in general terms, concerning the matters set forth in Chapter IX contained herein;

i) Providing information concerning the Board's possible authorization or waiving thereof to Directors in the circumstance set forth in Article 5.4.ii).e) contained herein;

j) Approving transactions entailing a conflict of interest or transactions with a shareholder owning a significant stake under the terms set forth in Articles 30.6 and 35.4 contained herein and in compliance with them, when it is so charged by the Board's Chairman;

k) Overseeing compliance with the Internal Code of Conduct Regarding the Securities Market, with these Regulations and, in general terms, the Company's rules of governance, as well as putting forward proposals for their improvement. The Audit and Compliance Committee is particularly responsible for receiving information from the Statutory Compliance Unit regarding the aforementioned matters and, if necessary, issuing reports on disciplinary matters to members of the Company's Senior Management and Executive team for not complying with the Corporate Governance obligations and/or the Internal Code of Conduct regarding the Securities Market, as well as resolving questions concerning Corporate Governance and its compliance which the Statutory Compliance Unit may raise pursuant to the Internal Code of Conduct Regarding the Securities Market;

l) Drawing up and bringing an annual report on Corporate Governance before the Board for its approval;

m) Drawing up an annual report on the Audit and Compliance Committee's activities, which shall be brought before the Board of Directors for its approval and placed at the shareholders' and investors' disposal for the announcement of the General Shareholders' Meeting;

n) Supervising the way in which the Company's website runs in terms of making information on Corporate Governance publicly available;

o) Providing information on matters within its competence in the Company's Sustainability Report or its Social Responsibility Report for its approval by the Board of Directors;

p) Proposing modifications to the current Board Regulations, and informing about matters within its competence regarding any modifications that may be made for their approval by the Board;

q) Setting and overseeing a mechanism that allows employees to confidentially and, if deemed appropriate, anonymously report any irregularities that could be potentially important, especially financial and accounting irregularities they may notice within the Company. All the foregoing shall be done with the utmost respect for the rights of the parties involved."

Finally, according to Article 5 of the Audit and Compliance Committee *"the primary mission of the Audit and Compliance Committee is to assist and inform the Board of Directors in matters assigned to them by the Bylaws, the Board Regulations and by the Rules of Procedure in Securities Markets.*

Apart from other tasks the Board of Directors may assign to it, the Audit and Compliance Committee shall have at least the following responsibilities:

a) Informing the General Shareholders Meeting about any matters that shareholders may broach regarding matters within its competence.

b) Proposing the names of external account auditors (hereunder, the External Auditors) for Gamesa and its Group to the Board of Directors, for their submission before the General Shareholders Meeting.

c) Keeping communication lines open with the External Auditors in order to receive information concerning issues that could threaten their independence, any other issues related to the account auditing process, or to handle other communications arising from account auditing law and procedural regulations.

d) Supervising the Company and Group's Internal Auditing services, approving the Internal Auditing Plan.

e) Keeping abreast of the Company's financial information process and internal control system, checking its appropriateness and integrity, while supervising the identification, measurement and control of risks.

f) Preparing the Annual Corporate Governance Report and submitting it to the Board of Directors for its approval.

g) Providing information - within its area of responsibility - on the Company Sustainability or Social Responsibility Report, for its approval by the Board of Directors.

h) Setting up and supervising a means by which employees can confidentially – and, if they feel appropriate, anonymously – provide information about any potentially important irregularities they may perceive within the Company, especially concerning finance or accounting. Said mechanism shall completely respect the rights of all parties involved.

i) And all other duties and responsibilities arising from the Bylaws, the Board Regulations, the Rules of Procedure in Securities Markets or that are laid down by the Board of Directors itself.

Similarly, the Audit and Compliance Committee shall provide information to the General Shareholders Meeting and the Board of Directors, under the terms of the present Rules and pursuant to applicable legal regulations, the Bylaws, the Board Regulations as well as the Rules of Procedure in Securities Markets – while maintaining due relations with, and acting as interlocutor for Company management in complying with its duties.

In order to carry out this task, the Committee Secretary has the central role in channeling Committee relations with other bodies, following the instructions of the Committee Chairman, and of serving as a central communication point between all involved interlocutors."

Appointments and Remuneration Committee

Pursuant to Article 13 of the Board of Directors Regulations, *"the Appointments and Remuneration Committee shall assess the background of the people most suited to form part of the different Committees and propose to the Board of Directors the members that should form part of each of these committees for its approval".*

Organization

In accordance to Article 23 of the Bylaws of the company and Article 15 of the Board of Directors Regulations, the rules of organization of the Appointments and Remuneration Committee can be summarized as follows:

a) The Appointments and Remuneration Committee shall be comprised of three (3) External Directors.

b) The Board shall endeavor to ensure that the members of the Appointment and Remuneration Committee are appointed by taking into account their knowledge, capacity and experience in the matters entrusted to the Committee.

c) The Appointments and Remuneration Committee shall elect a Chairman from among its number, who will be substituted every four years, but may be reelected once a year has passed since the end of the last term served.

d) It shall likewise appoint the Secretary to the Committee, who may either be one of its members or the Secretary or Deputy Secretary to the Board of Directors, who does not have to be a Director, in which case he/she shall not be considered as a member of the Committee.

Operational rules

According to Article 23 of the Bylaws of the company and Article 15 of the Board of Directors Regulations, the operational rules pf the Appointments and Remuneration Committee shall be summarized as follows:

a) The Appointments and Remuneration Committee shall meet at least twice a year, and whenever a meeting is called by the chairperson, who will do so whenever the board or the board's chairperson request a report or the adoption of proposals and, in any case, whenever it is convenient for the proper fulfillment of its duties or when a meeting is requested by two members of the Committee.

b) Concerning the way the Appointment and Remuneration Committee is run internally, particularly concerning the way its meetings are called and the way it adopts resolutions, it shall be governed by the provisions laid down for the Board of Directors in the Bylaws and the Board of Directors Regulations for matters not foreseen in its specific regulations, as long as they are compatible with the Committee's nature and functions.

Responsibilities

Article 15 of the Board of Directors Regulations sets forth that *"without prejudice to other responsibilities the Board may assign to it, the Appointment and Remuneration Committee shall have the following basic responsibilities:*

a) Informing about, or proposing to the Board of Directors the proposals the Board may bring before the General Shareholders' Meeting concerning appointments, reappointments to offices and the ratification or dismissal of Directors, with criteria as regards their suitability to the Company's interests. The Committee shall have the same functions in circumstances of cooptation. For these purposes, among other considerations, the necessary competence, knowledge and experience shall be taken into consideration and consequently the candidates' functions and abilities, as well as the time and dedication needed so that they may perform their duties.

b) Informing the Board of Directors for its approval about the appointment of the Chief Executive Officer, the Chairman, the Deputy Chairman, the Secretary and the Deputy Secretary to the Board, as well as about the specific related-party schemes of the Chairman and the Chief Executive Officer.

c) Proposing the members that should form part of each of the Board's Committees to the Board of Directors for its approval.

d) Proposing the Directors' remuneration scheme and its annual amounts to the Board of Directors, as well as the individual remuneration for Executive Directors, along with the rest of their contract conditions. All the foregoing shall be in accordance with the provisions set forth in the Corporate Bylaws and these Regulations.

e) Informing about the appointment of individuals who will represent the Company either as administrators or as representatives of the administrators before the bodies of the Company's subsidiaries and the companies in which it holds a stake that the Board may deem most relevant.

f) Providing information concerning the Board's possible authorization or waiving thereof to Directors in the circumstance set forth in Article 29 contained herein.

g) Informing the Board of Directors about the appointment and, should it be the case, the dismissal of the Company's senior management, and describing and organizing Senior Management's structure, organization chart and job descriptions. The former shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board's Committees, depending on the individual or body to which Senior Management may report.

h) Approving the Company's Senior Management remuneration scheme and bands, as well as their remuneration, including any compensation in the event of dismissal or removal from office and other basic contract conditions and regularly reviewing remuneration schemes. All the foregoing shall be done at the request of (i) the Chairman of the Board of Directors or (ii) of the CEO, depending on the individual or body to which Senior Management may report.

i) Informing the Board of Directors for its approval about multi-year incentive schemes.

j) Ensuring 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 has to approve and include in publicly available information.

k) Drawing up and keeping the list of offices that comprise Senior Management and Executive team updated, in keeping with the prevailing organization chart and job descriptions.

l) Providing information on matters within its competence in the Company's Sustainability Report or its Social Responsibility Report for its approval by the Board of Directors.

m) Ensuring that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory biases due to any reason whatsoever.

n) Examining and organizing the Chairman's and the Chief Executive Officer's succession so that they may be properly understood, and bringing proposals before the Board, so that such successions come about in an orderly, well-planned fashion."

B.2.4. State any powers of providing advice, consultation and, if so, delegation that each of the committees has:

Name of Committee	Brief description
Audit and Compliance Committee	See B.2.3
Appointments and Remuneration Committee	See B.2.3

B.2.5. State whether there are any regulations for the Board's committees, where they are available for consultation and any amendments that have been made to them during the financial year. Also state if any kind of voluntarily annual report on the activities of each committee has been drawn up.

The Audit and Compliance Committee has its own Regulations, which are available for consultation on the Company's website: www.gamesacorp.com

The Audit and Compliance Committee Regulations were approved by the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Board of Directors on 29 September, 2004, and were modified in the meeting of the Board of Directors of October 21, 2008.

According to Article 14.5 m) of the Board of Directors Regulation and Article 169 of the Audit and Compliance Committee, the Committee prepares an Annual Report covering the Committee's Activities during the financial year, report that is at disposal of the shareholders after the approval of the Board of Directors, when the call of the General Shareholder's Meeting is made.

In the above mentioned Annual Report of activities of the financial year, it is to remark the special emphasis that the Audit and Compliance Committee puts in the updating and review of the Board of Directors Regulations and the Regulations of the Audit and Compliance Committee, as well as the Code of Conduct and the Rules of Procedure in the Securities Market, on line with the best practice in good governance. It is also to remark the different reports in relation to related-party transactions as well as the exigency of strict independence of the External Auditors.

In the same way, according to Article 15.7 of the Board of Directors Regulations, the Appointments and Remuneration Committee prepares an Annual Report of his activities during the financial year, report that has to be approved by the Board of Directors.

B.2.6. State whether the composition of the executive committee reflects the participation in the Board of the different kinds of directors:

Yes ☐ No ☐

If not, explain the composition of your executive committee

C . RELATED-PARTY TRANSACTIONS

C.1. State whether the Board as a whole has reserved for itself approving any transactions the company may make with directors, significant shareholders, shareholders represented on the Board or with individuals related to them after having received a favorable report from the Audit Committee or any other that may have be charged to do so:

Yes X No ☐

C.2. State any relevant transactions that involved a transfer of resources or obligations between the company and the companies belonging to its group to the company's significant shareholders:

Name or trade name of the significant shareholder	Name or trade name of the company or organization belonging to your group	Nature of the relationship	Type of transaction	Amount (thousand euros)
IBERDROLA, S.A.	GAMESA EÓLICA, S.L.U.	CONTRACTUAL	SALE OF GOODS (FINISHED OR NOT)	758,700
IBERDROLA, S.A.	GAMESA ENERGÍA, S.A.U.	CONTRACTUAL	SALE OF NON-CURRENT INVESTMENTS	101,401

C.3. State any relevant transactions that involved a transfer of resources or obligations between the company and the companies belonging to its group to the company's administrators or executives:

Name or trade name of the administrators or executives	Name or trade name of the company or organization belonging to your group	Nature of the relationship	Type of transaction	Amount (thousand euros)
SEE SECTION C.2	SEE SECTION C.2	SEE SECTION C.2	SEE SECTION C.2	SEE SECTION C.2

C.4. Provide details about any relevant transactions made by the company with other companies belonging to the same group, as long as they are not eliminated in the process of drawing up the consolidated financial statements and do not form part of the company's normal trade as regards its corporate purpose and conditions:

Trade name of the company belonging to your group	Brief description of the transaction	Amount

C.5. State whether the members of the Board of Directors have been involved in any kind of conflict of interest situation during the financial year in accordance with Article 127 of the Corporations Law (Ley de Sociedades Anónimas).

Yes X No ☐

Name or trade name of the director	Description of the situation of conflict of interest
Velasco Gómez, Pedro	According to the procedure establishes in Article 30 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., in those meetings of the mentioned body and of the Audit and Compliance Committee in which agreements about operations with IBERDROLA, S.A. (significant shareholder that has promoted my appointment as Director) and/or companies of its group, have been deliberated or, if applicable, have been adopted, I have not participate in the deliberations, voting, decision making and execution of the respective agreements. More precisely, those operations have been: • Award of the construction of the High Tension Line 220 kV (future 400) La Puebla de Guzmán-Guillena to Iberdrola Ingeniería y Construcción, S.A.U. • Approval of the agreement of the supply to Iberdrola Renovables, S.A. of 4.500 MW for the period 2010-2012. • Approval of the agreement of promotion, development and joint exploitation of certain wind energy projects between Iberdrola Renovables, S.A., Gamesa Energía, S.A.U and Gamesa Corporación Tecnológica, S.A.
Arregui Ciarsolo, Juan Luis	According to the procedure establishes in Article 30 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., in those meetings of the mentioned body in which agreements about operations with IBERDROLA, S.A. (significant shareholder that has promoted my appointment as Director) and/or companies of its group, have been deliberated or, if applicable, have been adopted, I have been absent from the meeting and, consequently, I have not participate in the deliberations, voting, decision making and execution of the respective agreements.

See note (C.5.) in section G contained herein.

C.6. State the mechanisms put into place to detect, determine and resolve any possible conflicts of interest between the company and/or its group and its directors, executives and significant shareholders.

Competence:

As a general rule, the mechanisms of detection, determination and resolution of possible conflicts of interests between the company and/or its group and its Directors or significant shareholders are submitted to the rules of competence that are detailed as follows:

a) The Board of Directors has, among its basic responsibilities, as is established in Article 5.4.ii).d) of the Board of Directors Regulations, the authorization of operations or transactions that may involve Conflicts of Interest (i) with the Company or the Group's companies, (ii) with Directors or their Related Parties, (iii) with shareholders owning significant stakes or represented on the Board and their Related Parties, (iv) with Senior Management and Executives, as well as (v) any other relevant transaction concerning the same, except when it is not necessary pursuant to the provisions set forth in Article 35.5 contained in the Board of Directors Regulations.

b) The Audit and Compliance Committee has, among its basic responsibilities, as is established in Article 14.5.h) of the Board of Directors Regulations, to provide information about transactions that entail or could entail conflicts of interest or about transactions with shareholders owning a significant stake and, in general terms, concerning the matters set forth in Chapter IX of the Board of Directors Regulations.

   Likewise, the Audit and Compliance Committee has assigned, according to the Article 14.5.j) of the Board of Directors Regulations, the basic responsibility of approving transactions entailing a conflict of interest or transactions with a shareholder owning a significant stake under the terms set forth in Articles 30.6 and 35.4 of the Board of Directors Regulations and in compliance with them, when it is so charged by the Board's Chairman.

   It is also remarkable the content of the Article 11 b) and c) of the Audit and Compliance Committee Regulations that sets forth that the Committee has, among others, the following duties:

   –providing information to the Board of Directors before it authorizes any transactions that could represent Conflicts of Interest (i) with the Company or with the Group's companies, (ii) with Board Members and their Related Parties, (iv) or with Senior Executive Management and company officers, as well as (v) any other transaction relevant to same, except when this is not necessary pursuant to Article 35.5 of the Board of Directors Regulations.

   –approving the transactions mentioned in the previous section above when, for reasons of urgent need, such approval is entrusted by the Chairman of the Board. In such situations, the Audit and Compliance Committee must inform the Board of its decision as quickly as possible.

Information:

In accordance to Article 35.6 of the Board of Directors Regulations, 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.

Mechanisms

a) Possible conflicts of interests between the company and/or its group, and its Directors

Article 30 of the Board of Directors Regulations sets forth that *"Conflict of Interest shall be construed to mean any situation in which any Director or party related to him/her has a personal interest in either direct or indirect conflict with the Company or with any other of the companies belonging to the Group."*

Likewise, the above mentioned Article considers *"Related Party",* the following:

a) "The Director's spouse or anybody having an analogous personal relationship.

b) Forebears, descendants and siblings of the Director or the Director's spouse (or people having an analogous personal relationship).

c) Spouses of the Director's forebears, descendants and siblings.

d) Any companies in which the Director, either personally or through another individual, finds himself/herself in any of the situations put forth in Article 42 of the Commercial Code (Código de Comercio) concerning definitions of corporate groups.

Concerning Directors who are legal persons, the following shall be construed as Related Parties:

a) Partners who may find themselves in any of the situations set forth in article 42 of the Commercial Code (Código de Comercio) concerning the definition of corporate groups, as regards the Director who is a legal person.

b) Companies forming part of the same group, as set forth in article 42 of the Commercial Code (Código de Comercio) concerning the definition of corporate groups.

c) The representative, the de facto or legal administrators, the liquidators and the holders of the general powers of attorney of the Director who is a legal person.

d) Any individuals who can be considered as Related Parties of the representative of the Director who is a legal person, as per the previous paragraph on Directors who are individuals."

The Director or his/her Related Parties, as established in Article 30 of the Board of Directors Regulations, *"may not directly or indirectly perform professional or commercial transactions with the Company unless the Board, following a favorable report from the Audit and Compliance Committee, approves the transaction without the interested Director taking part, pursuant to the provisions set forth in these Regulations and under the terms and conditions set forth therein.*

Any Director finding himself/herself in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board of Directors through its Chairman and abstain from attending and intervening in the deliberations, voting, decision-making and execution of transactions affecting the matters in which he/she finds himself/herself in a situation of conflict of interests. The votes of Directors affected by conflicts of interest and who must abstain shall be subtracted for the purposes of calculating the majority of votes that may be necessary.

The Audit and Compliance Committee, when so requested by the Board of Directors, shall draw up a report on the transaction that may be subject to a possible conflict of interest. Said report shall contain a proposal for adopting a specific resolution.

The Board's Chairman must include the transaction and the Conflict of Interest in question on the agenda of the next Board of Directors Meeting so that it may adopt a resolution on it on the basis of the reports noted in sections 4 and 7. The Board of Directors, without the participation of the Director thus affected, shall decide as soon as possible whether or not to approve the transaction or the alternative that may have been put forward, as well as the specific measures that are to be adopted.

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 forthwith.

The Board of Directors or the Audit and Compliance Committee, in order to draw up its report under the circumstances set forth in section 4 above, may:

a) obtain a report from the Chief Executive Officer containing (i) a justification for the transaction (ii), an alternative to the Director or Related Party bringing about the transaction; and

b) should the assets or the transaction's complexity so require it, the Board may request the advice of outside professionals, in conformance with the procedure for this as set out in these Regulations.

The Board of Directors as well as the Audit and Compliance Committee shall use the following criteria when deliberating whether to approve the transaction in question or an alternative proposal:

(i) the regular and ongoing nature of the operation, along with its economic importance and the amounts involved;

(ii) the need to set up control mechanisms covering the operation, due to its characteristics or nature;

(iii) criteria of equality, objectivity, confidentiality and transparency in the awarding and supply of information, when the alternative includes an offer directed at a group; and

(iv) the transaction price and maximizing value for shareholders.

In all cases, any conflict of interest situations in which Directors or their Related Parties are involved shall be included in the Annual Corporate Governance Report.

The Company report shall include information about any operations carried out by Directors or their Related Parties that have been authorized by the Board of Directors pursuant to this article, that occur during the year to which the annual accounts refer."

b) Possible conflicts between the company and/or its group, and its executives:

The executive personnel and any other personnel of the Company and its group that, because of their activity (hereafter, Related Parties), are included by the Regulatory Compliance Unit, are submitted to the rules included in the Rules of Procedure in the Securities Market of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., wording that was approved by the Board of Directors on July 22, 2003, and was modified by the Board of Directors on October 21, 2008.

The Rules of Procedure in the Securities Market states on Article 14 that the rest of Related Parties must immediately disclose any situations that could represent potential conflicts of interest to the Regulatory Compliance Unit, as well as continually updating such information. Such situations are those that may arise from a person's other activities outside the Company and/or group, family relations, personal assets or for any other reason. This all stands without prejudice to the application of the Company's Code of Conduct as well as all rules of conduct applying to group employees.

It is also remarkable the content of the Article 15 of the Rules of Procedure in the Securities Market that Related Parties who find themselves in a conflict of interest related to a certain transaction must abstain from intervening or influencing decisions concerning that transaction. They must also refrain from accessing privileged or relevant information concerning same. Should the Person Subject to the Rules have any doubt as to the existence of a conflict of interest, he or she should submit the issue for consideration by the Regulatory Compliance Unit. A conflict of interest shall be deemed to exist when, due to the Person's affiliations or for another reason or circumstance, an impartial observer would perceive such a conflict in relation to a specific action, service or transaction.

c) Possible conflicts of interests between the company and/or its group and the Significant Shareholders:

Shall a conflict of interests with a significant shareholder appear, the Article 35 of the Board of Directors Regulations states that "the Board of Directors formally reserves the knowledge of any Company transaction with a shareholder holding a significant stake, after receiving a report from the Audit and Compliance Committee, if this Director so requests – under the terms laid out in this article and pursuant to the criteria set out in article 6.2.d) of these Regulations – that no shareholder shall receive privileged treatment over others.

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. They shall also take into consideration the criteria laid out in section 30.8 of these Regulations when examining the operations of said shareholders, always guided by the abovementioned principle of equality of treatment for shareholders. Towards these ends, they shall obtain the following:

a) a report from the CEO containing (i) a justification for the operation and (ii) an alternative to said operation by the shareholder in question; and

b) the advisory services of external professionals, pursuant to the procedure laid out in these Regulations, when the assets involved or the complexity of the operation so require.

Should the transactions fall under the ordinary course of company business, and are of a habitual or ongoing nature, normal authorization of the line of operations and their conditions of performance shall suffice.

In urgent situations, the Chairman of the Board may entrust the approval of the transaction to the Audit and Compliance Committee, which must inform the Board of same as quickly as possible.

Board authorization shall not be considered necessary for those related operations that comply with all of the following three conditions: (i) that are performed under contracts with standardized terms and that are applied en masse to many customers; (ii) that are performed at prices or fees that have been generally set for suppliers of the goods or services in question; and (iii) that involve an amount that does not exceed one percent (1%) of the Company's annual revenue."

In this sense, it is remarkable that the Director and member of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Mr. Pedro Velasco Gómez, abstained in the meetings of April 14, May 12, June 12 and November 2005, 2008 from the debate and voting related to the operations with the significant shareholder of the company that he represents.

d) Relationships of the Directors and/or Significant Shareholders with companies belonging to the Group:

Article 36 of the Board of Directors Regulations states that the obligations set out in Chapter IX of these Regulations pertaining to Company Directors and shareholders owning a significant stake shall be understood as applying also to their possible relations with companies belonging to the Group.

C.7. Is more than one Group Company listed in Spain?

Yes ☐ No X

List the subsidiaries that are listed in Spain:

Listed subsidiaries

State whether the respective areas of activity and any possible business relationships between such subsidiaries have been publicly and accurately defined.

Yes ☐ No ☐

State any possible business relationships between the parent company and the listed subsidiary, and between the latter and other Group companies

State any mechanisms that have been laid down to resolve any possible conflicts of interest between the listed subsidiary and other Group companies:

Mechanisms to resolve any possible conflicts of interest

D. RISK CONTROL SYSTEMS

D.1. Describe the overall risk policy of the company and/or its group, providing details and assessing the risks covered by the system, along with a justification of these system's appropriateness for the profile of each kind of risk

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s risk policy has the following main objectives:

- To provide maximum guarantees to all groups of interests: shareholders, clients, suppliers, employees, stakeholders and the markets in general.
- To increase the creation of value through the appropriate management of risks and opportunities.
- To comply with any laws, regulations, agreements and rules that may apply.
- To protect and preserve the assets of the Corporation.
- To assure the achievement of the objectives included in the Business Plan, with the prevention and control of those risks/opportunities that may affect its achievement.
- The exercise of an optimum control over the business areas and companies of the Group.
- The reliability and integrity of the information systems.

To achieve these objectives it is necessary to assure the existence of other complementary or specific politics, procedures, mechanisms and adequate indicators.

The activities of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. are developed in different geographic areas, social economic environments and regulatory frames, that is, in a context in which risks and opportunities of diverse nature exist, so that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. develops a global and all-round vision in the management and evaluation of risks and opportunities.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. uses a system of Control and Management of Risks and Opportunities in the whole organization (divisions, departments, companies) and in all geographic areas in which he operates, that contributes to the achievement of the business targets, to the creation of value for the different groups of interests and to the sustainable and profitable development of the Corporation.

The control system analyzes the risks, taking as a start the universal model BRM (Business Risk Model) approved by the Board of Directors, and that contemplates any type of risk, grouped together and classified under the following categories:

- Environmental Risks. These risks arise as a consequence of external factors and are independent of the company's management. They could have a significant direct or indirect influence on the attainment of its objectives and strategies.
- Process Risks. These risks arise from the Company's own activities. They are in turn classified into Operating Risks, Management Risks, Technology/Information Process Risks, Integrity Risks and Financial Risks.
- Decision-Making Information Risks. These risks arise from the information used for decision-making on operating, financial and strategic matters not being reliable and/or complete.

As a general rule the most relevant procedures are those with risks/opportunities that can affect the economic profitability, the financial solvency, the corporate reputation, the integrity of the employees, the environment and the regulatory compliance.

During the financial year 2008 the company has continued to apply the methodology of "Risk Management and Control Procedure", to the processes with priority risks because of his bigger impact in the fulfillment of objectives (importance effect), with a moderate-high probability of occurrence (probability effect) and where the capacity of management of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is bigger (control effect).

Processes with priority risks monitories during 2008:

Process	Significance
SERVICES	Efficient continuity of the turnkey activity, assembly and maintenance of wind generators alter the sell of GES without putting in risk the growth plan of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
INVESTMENTS	Authorization, award, implementation, monitoring and evaluation of the investments to assure the non existence of deviations in the figures of real investments in front of the budgeted, so that the profitability objectives and financial solidity are fulfilled.
INNOVATION	Adequate market and product characteristics selection, fulfilment of the "time to market" and minimization of the warranty costs due initial immatureness of the product.
CUSTOMERS	Fulfilment of the requirements of the products sold to the clients (wind generators and wind farms) in terms of periods and technical features for the minimization of complaints.
SUPPLY	Availability (in quantity, quality and cost) of the raw materials and essential components for the wind generators manufacturing through a network that supplies in the adequate moment taking into account the changes of the market.
PERSONNEL	Appropriate management of the company's human resources, so that the right personnel are available and motivated to meet the targets laid down by the company through the establishment of a career plan, performance evaluation, management through objectives, internalization and application of the management model.
INFORMATION RELIABILITY	Optimize the creation of value and external image of the Company through the reliability and transparency of the financial and accounting information, free from errors that could modify the financial results.
LABOUR SAFETY AND HEALTH	Excellence in Labour Safety and Health, with the permanent aspiration of zero incidents, zero professional illnesses in each work position, and the fulfilment of all the regulatory requirements in Labour Safety and Health.
ENVIRONMENT	Excellence in the management of environmental aspect of the procedures, products and services and fulfilment of all the regulatory requirements in all the environments in which the company operates.
INFORMATION SECURITY	The information is a fundamental asset of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and therefore it is about to prevent the improper use or the knowledge by non authorized persons to minimize the negative impacts or to put on risk the interests of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., through the definition and respect of procedures, authorizations and control limits.
CODE OF CONDUCT	Knowledge, respect and fulfilment control of the Code of Conduct and the Social Responsibility Principles of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. that define and develop the principles and corporate values of the Company.

Other specific risks exist, fundamentally financial (interest rate, exchange rate, taxes, credit, liquidity and commodities) that are controlled through specific politics, rules and procedures that are integrated in the functions of the respective departments. The information about the cover and control of these risks is included through the legal annual report.

As a general frame it is remarkable that the Board of Directors approved and applied in the year 2008 the respective general politics of the company.

The risk control system has been improved considering concepts and good methodology practices and international recognized referential, as COSO II and ISO 31000 among others, and with that the "Internal Procedure of Management and Risk Control" has been updated. In the updated version there are fixed roles, a common language, as well as a proactive identification, evaluation and management methodology of that risks that may affect the achievement of the business objectives of the Organization.

Throughout 2008, the Audit and Compliance Committee has exercised his supervision duty of the identification, measure and control of risks, treating this aspect in every meeting. The specific contents of the meetings can be consulted in the Annual Activities Report 2008 of the mentioned Committee.

D.2. State whether any of the different kinds of risks (operating, technology, financial, legal, reputation-related, tax, etc. risks) affecting the company and/or its group have come about during the financial year:

Yes ☐ No X

If the response is yes, indicate the circumstances which have led to them and whether the control systems laid down have worked properly.

Risk that has come about during the year	Circumstances that have led to it	Functioning of the control systems

D.3. State whether there is any kind of committee or governing body in charge of setting and overseeing these control mechanisms:

Yes X No ☐

If the response is yes, provide details on their functions.

Name of Committee or Body	Description of functions
Board of Directors	The Company's highest decision-making and oversight body which examines and authorizes all relevant operations. It exercises the responsibility of supervision, which cannot be delegated, and is ultimately responsible for identifying the main risks affecting the Company. Is also responsible for the approval of the general politics and strategies of the Company and in particular, the identification, control and management risk politic, as well as for the implementation and periodic monitoring of the main internal control and information systems.
Chairman and CEO	The Chairman and CEO controls and authorizes any operations within his/her sphere of competence. He/she is responsible for the effective management of the Company's business in accordance with the decisions and criteria adopted by the General Shareholders' Meeting and the Board of Directors within their respective spheres of competence. The aforementioned operations shall be brought before the Board of Directors by the CEO, if necessary.
Audit and Compliance Committee	The Audit and Compliance Committee is entrusted by the Board of Directors, with the functions, among others, of assessing the appropriateness and integrity of CORPORACIÓN TECNOLÓGICA, S.A.'s internal control systems, and it assures that the politic of control and management risk identifies the diverse types of risks including the financial or economic, the contingent liabilities and others out of the balance sheet, the fixation of the acceptable risk level and the previewed measures to mitigate the impact of risks, supervising the risk identification, measurement and control. The Committee is supported by Internal Auditing when it comes to assessing and improving existing internal controls.
Management Committee	It approves the risks given priority by the different business hubs, as well as the risk policies, procedures, indicators and limits put forward. It guarantees the fulfillment of the procedures related to the risk management and control and that the personnel of every hub knows the risk environment and control in every process.
Regulatory Compliance Unit	This Unit supervises and oversees compliance with the Internal Code of Conduct Regarding the Securities Markets and in general terms GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s rules of Governance.
Internal Auditing Unit	The Internal Auditing Unit focuses on ongoing assessments of and improvements to existing risk controls that could have a bearing on the Company meeting its strategic objectives and performs its functions in accordance with the International Institute of Internal Auditors' professional criteria and standards.
Risk Control Unit (BRC)	Assures the control and management of those risks that may affect the achievement of the objectives of the Company, because of the existence of politics, control mechanisms and adequate indicators, developing and implementing the model and frame of reference in risk management in the group. Implements tools of risk control; leads the measuring process of its fulfillment.
Corporate Legal Department	Assures that very business area of the company knows the current legality and complies with it in all and each jurisdiction where his activity is developed. Knows and analyzes the applicable rules in every transaction that each business area fulfills. Guarantees the advisement and the necessary technical-legal support to the Operative Units and other Corporate Functions,
Other participants in the risk management	The Risk Control Unit maintains a constant coordination with the Internal Auditing Unit and a functional relationship with the BRC network, set up with the equivalents in the USA and China, and the Risk Controllers, persons appointed in each of the Units in which priority identified risk processes exist. The Business Performance Department monitories and reports the indicators for the monitoring of risks.

D.4. Identify and describe the processes to comply with different the regulations affecting your company and/or its group.

The risks arising from existing regulations and any possible changes thereof are managed through the development and implementation of processes and procedures aimed at reasonably ensuring compliance with prevailing legislation.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s activities are either directly related to its activity of promoting and selling wind farms or indirectly to the generation of special scheme electric power through its activity of manufacturing wind generators. This is a sector subject to significant regulatory activities that are undergoing notable changes. Likewise, the Company's activities are present in many countries subject to different regulatory schemes and legislation.

The Company's Board of Directors can count on the backing provided by the Secretary to the Board and Legal Advisor to cover all legal aspects, check statutory aspects, verify its compliance with the Bylaws, and its compliance with all the regulations issued by regulatory authorities and oversee observance of the principles of Corporate Governance.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has specialized departments dedicated to the different regulations affecting its activities and the different companies it comprises (corporate law, employment law, tax matters, environmental law, occupational health and safety, etc.). Their responsibilities include:

- Compliance with prevailing legislation and regulations
- Keeping knowledge about regulations updated
- Laying down homogenous policies and procedures for action throughout the organization
- Providing advice to the whole organization

Additionally, as set forth in the Company's Corporate Internal Regulations the Audit and Compliance Committee oversees compliance with legal requirements and the rules of governance of the company.

E. GENERAL SHAREHOLDERS' MEETING

E.1 .State and, if necessary, provide details if there are any differences concerning the minimum quorums laid down in the Corporations Law (Ley de Sociedades Anónimas – LSA) *as regards convening the General Shareholders' Meeting*

Yes ☐ No X

	% of quorum different from that set forth in Art. 102 of the Corp. Law (LSA) for general circumstances	% of quorum different from that set forth in Art. 103 of the Corp. Law (LSA) for the special circumstances set forth in Art. 103
Quorum required for 1st call		
Quorum required for 2nd call		

Description of the differences

E.2. State and, if necessary, provide details if there are differences from the scheme laid down in the Corporations Law (Ley de Sociedades Anónimas –LSA) regarding adopting corporate resolutions:

Yes ☐ No X

Describe how it differs from the scheme set forth in the Corporations Law (LSA):

	Reinforced majority other than that set forth in Art. 103.2 of the Corp. Law (LSA) for the circumstances laid down in Art. 103.1	Other circumstances for reinforced majority
% set forth by the company for adopting resolutions		

Describe the differences

E.3. List any shareholder rights concerning general meetings that differ from those laid down by the Corporations Law (LSA):

There are no shareholder rights in the Company other than the ones set forth in the Corporations Law (LSA) concerning general meetings.

In this regard, shareholder rights are set forth in detail in the General Shareholders' Meeting Regulations, which were approved by it at its meeting held on May 28, 2004 and amended by the General Shareholders' Meeting held last May 25, 2007. The full text is publicly available on the Company's website (www.gamesacorp.com).

E.4. Indicate, if any, the measures adopted to promote shareholder participation at general meetings:

It should be highlighted that in general terms owning a minimum number of shares is not required in order to vote and take part in General Shareholders' Meetings in accordance with the drafting of the General Shareholders' Meeting Regulations of May 25, 2007. The principle of "one share, one vote" applies.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Board of Directors Regulations set forth the obligation of this body to promote informed shareholder participation at General Meetings and to adopt any suitable measures to facilitate the General Shareholders' Meeting exercising the functions it holds pursuant to the Law and the Corporate Bylaws.

More specifically, the Board of Directors shall adopt the following measures:

a) It shall make an effort to place at the shareholders' disposal all the information that may be legally required before the meeting;

b) It shall diligently respond to any written request for information made by shareholders before the Meeting under the terms set forth by prevailing legislation;

c) It shall likewise respond with all due diligence to any questions and requests for information raised by the shareholders at the meeting under the terms laid down in prevailing legislation.

The Board of Directors shall likewise set appropriate mechanisms to interchange information on a regular basis with institutional investors holding a stake in the company, without the relationship between the Board of Directors and institutional shareholders becoming a conduit for any information that could give them a privileged or advantageous situation compared to other shareholders.

In compliance with the obligations laid down by the regulations and in order to promote the participation of its shareholders at General Meetings, GAMESA CORPORACIÓN TECNOLÓGICA, S.A., posts on its website information about the General Shareholders' Meeting, its agenda, the announcement of the meeting, the proposals drawn up for resolutions, as well as about the existing channels of information between the Company and its shareholders and through which they may request details about the Meeting.

More precisely, on April 25, 2008 the following documents were published in the corporate website of the company:

- General Shareholders Meeting Call Advert,
- Proposal of agreements,
- Annual accounts, management report and audit report, individual and consolidated,
- Liability statement,
- Report about the modification of the Regulations of the Board of Directors,
- Explanatory Report of additional information included in the Management Report as per article 116 bis of the Spanish Stock Market Law,
- Corporate Governance Annual report 2007,
- Sustainability Report 2007,
- Annual Report of the Audit and Compliance Committee 2007,
- Regulations on exercising the rights of remote information, vote and proxies.

The above mentioned documents was at disposal of the shareholders in Spanish, legal requirement, and in English, in coherence with the international character of our shareholders.

The same bilingual character may be predicated from the electronic vote system. In 2008, for the first time, this mechanism was at disposal of the shareholders, in Spanish and in English, from the very same moment of the publication of the General Shareholders Meeting Call.

In order to make it easier for shareholders to exercise their entitlement to vote and designate proxies, as well as their right to receive information through remote means of communication, the Board of Directors has approved, on the occasion of the call of the General Shareholders Meeting, the Regulations on Exercising the Rights of Remote Information, Voting and

Proxies for Gamesa Corporación Tecnológica, S.A.'s General Shareholders Meetings pursuant to the provisions laid down in Article 105 of the Revised Text of the Corporations Law *(Texto Refundido de la Ley de Sociedades Anónimas),* Articles 13 and the following in the Corporate Bylaws and Articles 10 and the following of the General Shareholders' Meeting Regulations. These Regulations have the main objective of preciseness, precision and clarification of aspects related to the instruments of information of the shareholders and the exercise of the voting rights and the designation of proxies by remote means of communication.

Finally, in order that the financial intermediaries can appear legitimated as shareholders, but acting on behalf of diverse clients, can vote according to the instructions of these, the Article 24.8 of the Rules of the General Meeting of Shareholders states that *"whenever legally permissible and when the necessary guarantees of transparency and protection exists, and when the board of directors so decides, the vote may be fractioned in order that the financial intermediaries who appear legitimized as shareholders but who act on behalf of different clients may fraction their vote in accordance with the instructions of said clients."*

E.5. State whether the office of Chairman of the General Shareholders' Meeting coincides with the office of Chairman of the Board of Directors. Give details of any measures, if any, adopted to ensure the independence and smooth running of the general meeting:

Yes X No ☐

Give details on the measures
The Board of Directors has, at its own initiative, customarily requested the presence of a Notary Public at the General Meeting to attend and certify the meeting (Articles 18.5 and 18.6 of the General Shareholders' Meeting Regulations). Concerning the verification that the meeting is validly convened, the Company is equipped with the necessary systems to control and count by computer means proxies and remote votes, as well as to draw up the list of those attending –either in person or through proxies– the General Meeting and to tally the quorum for convening the meeting and adopting resolutions.

E.6. State any modifications made to the General Shareholders' Meeting regulations during the financial year, if any.

During the financial year 2008 there have been no modifications of the General Shareholders' Meeting Regulations of GAMESA CORPROACIÓN TECNOLÓGICA, S.A. Its current wording is the one approved by the General Shareholders Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on May 25, 2007.

The full text of the General Shareholders' Meeting Regulations is available on the company's website (www.gamesacorp.com).

E.7. Provide details about the attendance of the General Shareholders' meeting held during the financial year to which the report refers:

	Attendance details				
			% remote voting		
Date of General Meeting	% attending in person	% by proxy	Electronic voting	Others	Total
05-30-2008	24.45 %	44.38 %	0.00 %	0.00 %	68.83 %

See note (E.7) in section G contained herein.

E.8. Briefly state the resolutions adopted at the General Shareholders' Meetings held during the financial year to which this report refers and the percentage of votes with which each resolution was adopted.

Point One on the Agenda: Examination and approval, if appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account and Annual Report) and Management Report for the Company ("Gamesa Corporación Tecnológica, Sociedad Anónima") and its consolidated Group for the fiscal year ended on December 31, 2007.

Votes in favor	Votes against	Abstentions
99.84 %	0.01 %	0.15 %

Point Two on the Agenda: Examination and approval, if appropriate, of the proposal for the allocation of profit/losses and the distribution of dividends for the fiscal year ended on December 31, 2007.

Votes in favor	Votes against	Abstentions
99.99 %	0.00 %	0.01 %

Point Three on Agenda: Examination and approval, if appropriate, of the management and actions of the Board of Directors during the fiscal year ended on December 31, 2007.

Votes in favor	Votes against	Abstentions
99.94 %	0.01 %	0.05 %

Point Four on the Agenda: Ratification, if appropriate, of the interim appointment as Director of Mr. Pedro Velasco Gómez to fill a vacancy, as an external proprietary Director, made by the Board of Directors at its meeting of 16th November 2007.

Votes in favor	Votes against	Abstentions
99.58 %	0.10 %	0.32 %

Point Five on the Agenda: Appointment of the Auditor of the Company and its Consolidated Group's Accounts for the 2008 tax year.

Votes in favor	Votes against	Abstentions
99.87 %	0.11 %	0.02 %

Point Six on the Agenda: Authorization to the Board of Directors for the derivate acquisition of the Company's own shares by the Company itself or by its subsidiaries, in terms agreed by the Shareholders' General Meeting, up to a maximum of five (5) percent of the share capital and, if applicable, to proceed with their transfer, pursuant to applicable law, for which purpose the authorization granted by the shareholders at the Shareholders' General Meeting of May 25, 2007, is hereby deprived of effect to the extent of the unused amount.

Votes in favor	Votes against	Abstentions
99.36 %	0.63 %	0.01 %

Point Seven on the Agenda: Empowerment for the execution, formalisation and total fulfilment of the agreements reached by the Shareholder's General Meeting.

Votes in favor	Votes against	Abstentions
99.99 %	0.00 %	0.01 %

E.9. State whether there are any bylaw constraints setting a minimum number of shares to attend the General Meeting:

Yes ☐ No X

Number of shares needed to attend the General Meeting	1

E.10. State and justify the policies followed by the company concerning proxy voting at the General Meeting.

According to Article 13 of the Bylaws and 15 of the General Shareholders Meeting Regulations, shareholders with the right to attend may give a proxy to another shareholder or exercise their right to vote by post, by sending the attendance card obtained in accordance with the Bylaws and the General Shareholders Meeting Regulations.

Likewise, they may also exercise the above mentioned rights by means of electronic communications or other distance communication means provided this is so resolved by the Board of Directors due to the necessary technical conditions being in place. In such a case, the Board must specify on the company website the means which can be used to that end, which must meet the necessary security conditions to guarantee the Shareholders' identity, the effectiveness of their rights and the proper carrying out of the Meeting.

The voting and representation rights must in any event be exercised by means of the distance communication means resolved by the Board of Directors and indicated on the website.

As it is stated in Article 15.2 of the General Shareholders Meeting Regulations, the Board of Directors is expressly authorised so that, prior to the publication of the General Meeting call announcement it can agree the procedure, requirements, systems and periods for the exercise of vote via email or other remote communication methods. The Company's Webpage will have to contain that agreed by the Board of Administration for these purposes.

It is to highlight that the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. puts on disposal of the shareholders on the moment of the General Shareholders Meeting call, a document including the Regulations on Exercising the Rights of Remote Information, Voting and Proxies for GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s General Shareholders Meetings, pursuant to what was done at call of the General Shareholders Meeting that took place on May 30, 2008.

Any proxies granted to anyone not entitled to it pursuant to the Law shall not be valid.

The proxy should be granted in writing or by the remote means of communication that meet the requirements set forth in Article 105 of the Corporations Law *(Ley de Sociedades Anónimas)* and in any other legislation that may apply in order to exercise the right to remote voting for each Meeting.

Proxies may always be revoked and shall be considered thus revoked should the person granting the proxy attend the Meeting in person.

E.11. State whether the company is aware of the policies of institutional investors concerning taking part or not in the company's decisions:

Yes X No ☐

Describe the policy
Although a uniform politic for the diverse institutional investors does not exist, through the permanent communication with the Department of Investors Relations, that is intensified in the previous period to the celebration of the General Shareholders Meeting, it is possible to know the participation and criteria for the votes about the proposals of agreements of the Board of Directors, either by following the indications of the companies of recommendation of vote, or by the application of self criteria related to the good corporate governance, as well as good business management practices or financial practices, not achieving this knowledge, obviously, of the total free float of the company.

E.12. State the URL and means of accessing corporate governance contents on your website.

The contents that must be published pursuant to Law 26/2003 of July 17 on the Transparency of Listed Corporations (which was developed by Order ECO/3722/2003 of December 26 on Annual Corporate Governance Reports and Other Disclosure Instruments for Listed Corporations and Other Organizations, and Circular 1/2004 of March 17 issued by the National Securities Market Commission on Annual Corporate Governance Reports of Listed Corporations and Other Organizations Issuing Negotiable Securities in Official Secondary Securities Markets and Other Disclosure Instruments) are directly accessible at the URL http://www.gamesacorp.com/en/investors/documents/information-for-investors-and-shareholders

The website of the company does not only content the information required in the legal regulation (Law 26/2003 of July 17 and Order ECO/3722/2003 of December 26 and its development in the Circular 1/2004 of March 17 issued by the National Securities Market Commission on Annual Corporate Governance Reports of Listed Corporations and Other Organizations Issuing Negotiable Securities in Official Secondary Securities Markets and Other Disclosure Instruments)but also substantial information of interest for the shareholders and investors and as many news referring the activity of the company.

During the financial year 2008 the website of Gamesa has experimented an important transformation with the purpose of strengthen its use as an information mechanism distinguishing the obligatory information from the non obligatory.

In relation to the obligatory information it is aimed that the addressees of it, shareholders and investors, can access easily to the information that according to the regulation of the Securities Market has to be accessible and, basically, that the information is permanently updated.

To those effects, the company has done, during the year 2008, (in fulfillment of the internal regulation about the monitoring and updating of the corporate website) a monthly revision of the obligatory contents, proceeding, if applicable, with the updating in the maximum period of twenty days.

Additionally, the Internal Audit Unit (with annual regularity and always after the celebration of the General Shareholders Meeting) prepares a report about the corporate website, report that is passed to the Audit and Compliance Committee. Specifically in the meeting of the Audit and Compliance Committee of November 26, 2008 the Internal Audit Director presented the above mentioned report with an Action Plan prepared and presented on the Committee by the General Secretariat in coordination with the Internal Audit Unit.

In relation with the accessibility to the obligatory information it must be highlighted that the access to it is included in the front page or initial page of the website under the name: "Information for investors and shareholders". After this title it is contained an index of sections that corresponds exactly with those that according to the Circular 1/2004, above mentioned, must be included in the websites of the listed companies.

F. LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's level of compliance regarding the Unified Code of Good Governance.

In the event of failing to comply with any of the recommendations, explain the recommendations, regulations, practices or criteria the company applies.

1. The Bylaws of listed companies should not place a limit on the maximum number of votes the same shareholder may cast nor contain other constraints that limit the company's control through the acquisition of shares in the market:

   See sections: A.9 , B.1.22 , B.1.23, E.1 and E.2

   Complies X Explain ☐

2. When the parent company and a subsidiary are listed, both should accurately define in public the following:

   a) Their respective areas of activity and any possible business relationships between them, as well as those of the subsidiary with other group companies;

   b) The mechanisms set forth to resolve any possible conflicts of interest that may arise.

   See sections: C.4 and C.7

   Complies ☐ Partially complies ☐ Explain ☐ Not applicable X

3. Although corporate legislation may not expressly require it, any transactions involving a structural modification to the company should be brought before the General Shareholders' Meeting's for its approval, particularly the following:

   a) The transformation of listed companies into holdings through subsidiarization or the incorporation of essential activities performed up to that time by the company itself into subsidiaries, even when the company maintains full control over such subsidiaries;

   b) The acquisition or divestment of essential operating assets, whenever it involves an effective modification of the corporate purpose;

   c) Operations whose effect would be equivalent to liquidating the company

   Complies X Partially complies ☐ Explain ☐

4. Detailed proposals on the resolutions to be adopted by the General Shareholders' Meeting, including the information referred to in Recommendation 28, should be made public the moment the announcement for the Meeting is published.

   Complies X Explain ☐

5. Any matters that are substantially independent should be voted on separately at the General Shareholders' Meeting, so that shareholders may exercise their voting preferences separately. This rule should particularly apply to:

   a) The appointment or ratification of directors, which should be voted individually;

   b) In the case of amendments to the Bylaws, each article or group of articles that are substantially different.

   See section: E.8

   Complies X Partially complies ☐ Explain ☐

6. Companies should allow the vote to be split, so that financial brokers duly authorized as shareholders but acting on behalf of different clients, may cast their votes in keeping with their instructions.

See section: E.4

Complies X Explain ☐

7. The Board should perform its functions as a whole and with independent criteria, treat all shareholders in the same way and be guided by the company's interests, which should be construed as maximizing the company's economic value in a sustained manner.

In its dealings with stakeholders, the Board should likewise ensure that the company complies with the law and regulations, fulfills its obligations in good faith, respects the good uses and best practices of the industries and territories in which it performs its activities, and accepts any additional social responsibility principles it may have voluntarily accepted.

Complies X Partially complies ☐ Explain ☐

8. The Board should take responsibility for approving the company's strategy and the organization needed to put it into practice as its core mission, in addition to overseeing and controlling that Management meets the targets laid down and respects the company's corporate purpose and interests. And, to such a purpose, the Board as a whole should reserve the competence of approving:

a) The company's overall policies and strategies and in particular:

i) The strategic or business plan, as well as annual management targets and budget;

ii) The investment and financing policy;

iii) Defining the group of companies' structure;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The senior management remuneration and performance assessment policy;

vii) The risk control and management policy, as well as the regular monitoring of internal information and control systems;

viii) The dividend policy, as well as the treasury stock policy and, in particular, its constraints.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the company's chief executive, appointing and relieving senior executives of office, along with their compensation clauses;

See section: B.1.14.

ii) Directors' remuneration, as well as any additional remuneration for executive directors due to their executive functions and other conditions that their contracts must comply with;

See section: B.1.14.

iii) Financial information which the company is obliged to publish on a regular basis due to its condition as a listed company;

iv) Investments and transactions of all kinds that are of a strategic nature due to their large amount or special characteristics, unless their approval lies within the General Shareholders' Meeting's competencies;

v) The setting up or acquiring of stakes in special-purpose entities or those domiciled in countries or territories deemed to be tax havens, as well as any other transactions or operations of an analogous nature which could erode the group's transparency due to their complexity.

c) Any operations that the company may carry out with directors, significant shareholders or shareholders represented on the Board, or with people related to them ("related-party transactions").

Such authorization from the Board shall, however, not be deemed necessary for any related-party transactions that simultaneously meet the three conditions set forth below:

1.) When they are carried out by virtue of contracts whose conditions are standard and applied en masse to many customers;

2.) When they are carried out at generally applicable prices or fees set by whoever may act as the supplier of the goods or services in question;

3.) When their amount does not exceed 1% of the company's annual income.

It is recommended that the Board should approve related-party transactions after having received a favorable report from the Audit Committee or, should it be the case, from any other that may have been charged with such function. Any directors thus affected should leave the meeting room while the Board deliberates and votes on such transactions, in addition to not exercising or delegating their entitlement to vote.

It is recommended that the competencies attributed to the Board herein should not be subject to delegation, apart from those mentioned in paragraphs b) and c), which may be adopted for reasons of urgency by the Management Committee and subsequently be ratified by the Board as a whole.

See sections: C.1 and C.6

Complies X Partially complies ☐ Explain ☐

9. The Board should be properly sized in order to run smoothly and promote participation, which suggests that it should not have less than five or more than fifteen members.

See section: B.1.1

Complies X Explain ☐

10. Non-executive directors representing significant shareholders and independent directors should make up an ample majority of the Board and the number of executive directors should be as few as are necessary, taking into account the group's complexity and the shareholdings held by executive directors in the company's share capital.

See sections: A.2,A.3,B.1.3 and B.1.14.

Complies X Partially complies ☐ Explain ☐

11. Should there be a non-executive director that cannot be considered as representing a significant shareholder or independent director, explain such a circumstance and his/her relationships with either the company and its executives or the shareholders.

See section: B.1.3

Complies X Explain ☐ Not applicable ☐

12. Among the non-executive directors, the relation between the number of directors representing significant shareholders and independent directors should reflect the existing proportion between the company's capital represented by directors representing significant shareholders and the rest of its capital.

This criterion of strict proportionality may be attenuated, so that the weight of directors representing significant shareholders may be greater than the total percentage of the capital they represent:

1.) In highly capitalized companies in which shareholdings that can legally be considered significant are scarce or non-existent, but have shareholders with stakes having a high absolute value;

2.) In companies having a wide variety of shareholders represented on the Board, which have no relationships among themselves.

See sections: B.1.3,A.2 and A.3

Complies X Explain ☐

13. The number of independent directors should account for at least a third of the total number of directors.

See section: B.1.3

Complies X Explain ☐

14. The status of each director should be explained by the Board before the General Shareholders' Meeting that will have to effectuate or ratify their appointment. This should be confirmed and, if necessary, revised annually in the Corporate Governance Report after having been verified by the Appointments Committee. The aforementioned report should also explain the reasons behind the appointment of directors representing significant shareholders at the request of a shareholder whose stake is below 5% of share capital. Likewise, the reasons for the rejection of any formal requests for a presence on the Board from a shareholder whose stake is equivalent to or greater than others who have had directors representing them appointed should be explained.

See sections: B.1.3 and B.1.4

Complies X Partially complies ☐ Explain ☐

15. When the number of directors is small or there are none, the Board should explain the reasons thereof and any initiatives taken to correct such a situation and, in particular, the Appointments Committee should ensure that when any vacancies are filled:

a) The selection procedures do not suffer from any implicit biases that may hinder the selection of directors;

b) The company deliberately seeks and includes women who meet the professional background required on the shortlist of candidates.

See sections: B.1.2, B.1.27 and B.2.3

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

16. The Chairman, who holds responsibility for the Board's smooth running, should ensure that directors receive sufficient information in advance, he/she stimulates debate and the directors' active participation at Board meetings, as well as safeguards their right to freely take a stance and express their opinions. He/She should also organize and coordinate regular assessments of the Board with the Chairmen of the relevant Committees and, if necessary, with the CEO or chief executive.

See section: B.1.42

Complies X Partially complies ☐ Explain ☐

17. When the Chairman of the Board is also the company's CEO, one of the independent directors should be empowered to request the calling of Board meetings or the inclusion of new points on the agenda in order to coordinate and reflect the concerns of non-executive directors and to manage the Board's assessment of its Chairman.

See section: B.1.21

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

18. The Secretary to the Board should particularly ensure that the Board's actions:

a) Comply with the wording and spirit of the Law and its regulations, including those approved by regulatory bodies;

b) Comply with the company's Bylaws and with the Board and General Shareholders' Meeting Regulations, along with any others the company may have;

c) Take into consideration the good governance recommendations contained herein, which the company has accepted.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and removal from office should be reported on by the Appointments Committee and approved by the Board as a whole. Such appointment procedure should be reflected in the Board Regulations.

See section: B.1.34

Complies X Partially complies ☐ Explain ☐

19. The Board should meet as often as is necessary to efficiently perform its functions, following the scheduling of dates and matters set at the start of the financial year. Each director may propose to include other points on the agenda that were not initially foreseen.

See section: B.1.29

Complies X Partially complies ☐ Explain ☐

20. Lack of attendance by directors should be limited to unavoidable cases and should be quantified in the Annual Corporate Governance report. Should proxies be unavoidable, instructions should be issued.

See sections: B.1.28 and B.1.30

Complies X Partially complies ☐ Explain ☐

21. When directors or the Secretary express concerns about a proposal or when directors express concerns about the company's situation and they are not resolved at the Board Meeting, such concerns should be reflected in the minutes at the request of whoever may have expressed them.

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

22. Once a year, the Board as a whole should assess:

a) The quality and efficiency with which the Board runs;

b) Based on the report submitted to it by the Appointments Committee, the performance of their functions by the Chairman of the Board and the company's CEO;

c) Based on the reports submitted by its Committees, how they run.

See section: B.1.19

Complies X Partially complies ☐ Explain ☐

23. All directors should be able to exercise their right to seek any additional information they may deem necessary on matters lying within the Board's competence. Unless the Bylaws or Board Regulations set forth otherwise, they should submit their request to the Chairman or the Secretary to the Board.

See section: B.1.42

Complies X Explain ☐

24. All directors should be entitled to obtain the advice they may need from the company in order to fulfill their functions. The company should also lay down appropriate channels to exercise this right, which may include external advice in special circumstances to be incurred by the company.

See section: B.1.41

Complies X Explain ☐

25. Companies should set up an orientation program that rapidly provides new directors with sufficient knowledge about the company, as well as of its corporate governance rules. They should also offer programs to directors to update their knowledge when circumstances so suggest.

Complies X Partially complies ☐ Explain ☐

26. Companies should require directors to dedicate the time and effort needed to perform their functions efficiently and, consequently:

a) Directors should inform the Appointments Committee about their other professional obligations in case they could interfere with the level of dedication required;

b) Companies should lay down rules regarding the number of boards of directors of which directors may form part.

See sections: B.1.8,B.1.9 and B.1.17

Complies ☐ Partially complies X Explain ☐

Explanation: As it is convinced of the involvement and dedication of the members of its Board of Directors, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has not considered it necessary to lay down any rules regarding the number of boards of which its directors may form part.

27. Any proposals for the appointment or reappointment of directors brought before the General Shareholders' Meetings, as well as any provisional appointments by cooptation, should be approved by the Board:

a) At the proposal of the Appointments Committee in the case of independent directors;

b) After having received a report from the Appointments Committee in the case of the other directors.

See section: B.1.2

Complies X Partially complies ☐ Explain ☐

28. Companies should publicly disclose the following information about their directors through their website and keep it updated:

a) Professional background and biography;

b) Other Boards of Directors to which they belong, whether or not they are listed companies;

c) An indication as to the category of director to which they belong and, in the case of directors representing significant shareholders, the shareholder they represent or with which they have a relationship;

d) The date they were first appointed as a director of the company, as well as subsequent appointments; and

e) Shares and they hold in the company, as well as any stock options.

Complies X Partially complies ☐ Explain ☐

29. Independent directors should not remain as such for a continuous period exceeding 12 years.

See section: B.1.2

Complies ☐ Explain X

Explanation: Convinced that the mere fact of time passing should not in itself be a reason for losing the status of being and independent director, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has not considered it necessary to set a maximum period for independent directors to hold office.

30. Directors representing significant shareholders should tender their resignation once the shareholder they represent sells its entire stake. They should also do so by the relevant number when such a shareholder reduces its stake in the company up to a point that would require a reduction in the number of directors representing a significant shareholder.

See sections: A.2,A.3 and B.1.2

Complies X Partially complies ☐ Explain ☐

31. The Board of Directors should not propose relieving any independent director of office before the term of office for which he/she has been appointed has elapsed, except when the Board sees a just reason for doing so after having received a report from the Appointments Committee. More particularly, it will be deemed that a just reason exists when the director has not fulfilled the duties inherent to the office or has been involved in any of the circumstances set forth in paragraph 5, section III of this Code's definitions.

Relieving independent directors of office may also be proposed as a result of takeover bids, mergers and other similar corporate operations that involve a change in the structure of the company's capital, whenever such changes in the Board arise from the criterion of proportionality set forth in Recommendation 12.

See sections: B.1.2,B.1.5 and B.1.26

Complies X Explain ☐

32. Companies should lay down rules that oblige directors to inform and, if necessary, resign in any circumstances that could harm the company's good standing and reputation. In particular, these rules should oblige directors to inform the Board of any criminal proceedings in which they are involved as suspects, as well as of any subsequent procedural events.

Should a director be brought to trial or if a court ruling on the initiation of a court hearing against him is issued for any the offences set forth in Article 124 of the Corporations Law (Ley de Sociedades Anónimas), the Board should examine the case as soon as possible on the basis of specific circumstances and decide whether or not the director should continue in office. The Board should report all of the above in the Annual Corporate Governance Report in a reasoned manner.

See sections: B.1.43 and B.1.44

Complies X Partially complies ☐ Explain ☐

33. All directors should clearly state their opposition whenever they may consider a proposal that is brought before the Board goes against the company's interest. They should do the same, particularly independent directors and other directors not involved in a potential conflict of interest, whenever decisions are being dealt with that could prejudice the interests of shareholders not represented on the Board.

Whenever the Board adopts significant or reiterated resolutions about which a director has expressed serious reservations, such director should glean the appropriate conclusions and, if he/she chooses to resign, should explain his/her reasons in the letter referred to in the following Recommendation.

This Recommendation also covers the Secretary to the Board, although he/she may not be a director.

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

34. When a director stands down before his/her term of office expires, either through resignation or for other reasons, he/she should explain his reasons for doing so in a letter to be sent to all members of the Board. Without prejudice to the fact that such an event should be notified as a relevant disclosure, the reasons for standing down should be included in the Annual Corporate Governance report.

See section: B.1.5

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

35. The remuneration policy approved by the Board should at least cover the following matters:

a) The amount of fixed items with a breakdown, should it be the case, of allowances for taking part in Board and Committee Meetings and an estimate of the fixed annual remuneration from which these arise;

b) Variable remuneration items, particularly including

i) The kinds of directors to which they apply, as well as an explanation of the relative importance of variable remuneration items as regards fixed items;

ii) The results assessment criteria on which any entitlement to remuneration in shares, stock options or any other variable item is based;

iii) The essential parameters and grounding of any annual bonus scheme or of any other type of remuneration in kind; and

iv) An estimate of the absolute amount of variable remuneration arising from the remuneration plan proposed based on the level of achievement of the reference hypotheses or targets.

c) The main features of social welfare schemes (for instance, complementary pension schemes, life insurance and similar), containing an estimate of their amount or equivalent annual cost;

d) Conditions which the contracts of any individuals performing senior management functions as executive directors must comply with, among which the following should be include:

i) Term;

ii) Term of prior notice; and

iii) Any other clauses concerning hiring bonuses, as well as compensation or golden handshake clauses for the early termination or end of the contractual relationship between the company and the executive director.

See section: B.1.15

Complies X Partially complies ☐ Explain ☐

36. Remuneration through the handing over of shares in the company or in group companies, stock options or instruments referenced to share prices, as well as variable remuneration linked to the company's performance or social welfare schemes should be limited to executive directors.

This Recommendation shall not cover the handover of shares when it is conditional upon the directors keeping them until they relinquish office as a director.

See sections: A.3, B.1.3

Complies X Explain ☐

37. Non-executive directors' remuneration should be sufficient to remunerate the dedication, qualifications and responsibility required by the office, but should not be so high so as to compromise their independence.

Complies X Explain ☐

38. Any remuneration linked to the company's results should take into account any qualifications contained in the external auditor's report that could reduce such results.

Complies X Explain ☐ Not applicable ☐

39. In the case of variable remuneration, remuneration policies should incorporate precise technical precautionary measures to ensure such remuneration is in keeping with the professional performance of its beneficiaries and not simply a result of the general evolution of the markets, the industry in which the company performs its activities or similar circumstances.

Complies X Explain ☐ Not applicable ☐

40. The Board should submit to the General Shareholders' Meeting's vote a report on the directors' remuneration policy as a separate point on the agenda. Such report should be placed at the disposal of shareholders, either separately or in any other way the company may deem appropriate.

The aforementioned report should particularly focus on the remuneration policy approved by the Board for the current year, as well as the one foreseen for future years, should it be the case. It should deal with all the matters referred to by Recommendation 35, except any that could involve the disclosure of sensitive commercial information. It should underline any significant changes made to such policies as regards the policy applied up the financial year prior to which the General Shareholders' Meeting refers. It should also include an overall summary of how the remuneration policy was applied in the preceding financial year.

The Board should likewise inform about the role played by the Remuneration Committee in drawing up the remuneration policy and whether it has relied on external advice and the identity of the external consultants that may have given such advice.

See section: B.1.16

Complies ☐ Partially complies X Explain ☐

Explanation: Article 26.3, paragraph two of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in the wording given to it by the Board of Directors meeting held on January 24, 2008 sets forth that "the Board of Directors shall draw up a report on the remuneration policy for the current year on an annual basis. This report shall be placed at the shareholders' disposal in the form that the Board may deem appropriate for the announcement of the General Shareholders' Meeting".

41. The Report should breakdown the individual remuneration of the directors for the financial year, including:

a) A breakdown of each director's remuneration, which should include the following, if necessary:

i) Attendance allowances and other fixed remuneration as a director;

ii) Additional remuneration as the Chairman or member of any of the Board's committees;

iii) Any remuneration due to a share in profits or bonuses, and the reasons why they were granted;

iv) Contributions made in favor of the director to fixed-contribution pension schemes; or an increase in the director's consolidated rights in the case of defined-benefit pension schemes;

v) Any compensation packages agreed upon or paid out in the event of being relieved of office;

vi) Remuneration received by directors from other group companies;

vii) Executive directors' remuneration for performing senior management duties;

viii) Any other remuneration item other than the above, whatever their nature may be or whatever the group paying it out may be, particularly so whenever it is deemed as a related-party transaction or whenever its omission would distort the reliable image to the total remuneration received by the director.

b) The individualized breakdown of any possible handover to directors of shares, stock options or any other instrument referenced to the share price, detailing the following:

i) Number of shares or stock options granted in the year, and conditions for exercising them;

ii) Number of stock options exercised during the year, indicating the number of shares affected and the price;

iii) Number of stock options pending being exercised at the end of the year, with an indication of their price, date and other requirements for exercising them;

iv) Any changes made during the year to the conditions for exercising already granted stock options.

c) Information about the relation between the remuneration obtained by executive directors and the results or other company performance measures in the aforementioned prior financial year.

Complies ☐ Partially complies X Explain ☐

Explanation: Total remuneration broken down by items and types of directors pursuant to prevailing legislation is provided in both the Report accompanying the Annual Accounts, as well as in the Annual Corporate Governance Report.

42. When there is a Delegate or Executive Committee (hereinafter, "Delegate Committee"), the structure of the different kinds of directors should be similar to that of the Board, and its secretary should be the Board Secretary.

See sections: B.2.1 and B.2.6

Complies ☐ Partially complies ☐ Explain ☐ Not applicable X

43. The Board should always be aware of the matters dealt with and the resolutions adopted by the Delegate Committee, and all Board members should receive a copy of the minutes of Delegate Committee meetings.

Complies ☐ Explain ☐ Not applicable X

44. In addition to the Audit Committee required by the Law on the Securities Market *(Ley del Mercado de Valores),* the Board of Directors should set up an Appointments and Remuneration Committee, or two committees on such matters, within its midst.

The rules on the composition and running of the Audit Committee and the Appointments and Remuneration Committee(s) should be contained in the Board Regulations and include the following:

a) That the Board appoints the members of such Committees, taking into account the knowledge, capacity and experience of the directors and the tasks entrusted to each Committee; that the Board should also deliberate on their proposals and reports and that such Committees must report on their activities and take responsibility for the work before the Board at the first meeting held after their own meetings;

b) That such Committees should be exclusively comprised by non-executive directors and have a minimum of three members. The foregoing should be construed to be without prejudice to the attendance of executive directors and senior executives whenever the Committee's members expressly resolve the need for their attendance;

c) That the Chairmen of such Committees should be independent directors;

d) That such Committees may seek external advice whenever they see fit to perform their functions;

e) That minutes should be drafted on each meeting, a copy of which should be send to all Board members.

See sections: B.2.1 and B.2.3

Complies X Partially complies ☐ Explain ☐

45. Oversight on compliance with internal codes of conduct and the rules of corporate governance should be attributed to the Audit Committee, the Appointments Committee or, should they exist separately, to the Compliance or Corporate Governance Committee.

Complies X Explain ☐

46. The members of the Audit Committee, and more particularly its Chairman, should be appointed by taking into account their knowledge and experience in accounting, auditing or risk management matters.

Complies X Explain ☐

47. Listed companies should have an internal auditing unit to ensure, under the Audit Committee's supervision, that the information and internal control systems work properly.

Complies X Explain ☐

48. The person in charge of the internal auditing unit should submit its annual work plan to the Audit Committee and directly inform it about any incidents in its performance. The unit should also submit an activity report to such Committee at the end of each financial year.

Complies X Partially complies ☐ Explain ☐

49. The risk control and management policy should at least contain the following:

a) The different kinds of risks (operating, technology, financial, legal, reputation-related, etc. risks) faced by the company, including contingent liabilities and other out-of-balance risks among financial risks;

b) Setting the risk level which the company considers acceptable;

c) The measures foreseen to mitigate the impact of any risks identified should they come about;

d) The information and internal control measures used to control and manage the aforementioned risks, including contingent liabilities and out-of-balance risks.

See section: D

Complies X Partially complies ☐ Explain ☐

50. The following should comprise the Audit Committee's responsibilities:

1º Concerning information and internal control systems:

a) Overseeing the process of drawing up financial information on the company and its integrity and, if so, of the group; checking compliance with regulatory requirements, the appropriate delimitation of the consolidation boundary and the correct application of accounting standards;

b) Regularly checking internal control and risk management systems, so as to ensure the main risks are identified, managed and adequately known;

c) Overseeing the independence and efficiency of internal auditing functions; proposing the recruitment, appointment, reappointment and dismissal of the head of internal auditing; proposing this service's budget; receiving

regular information on its activities; and ensuring that senior management takes into consideration the conclusions and recommendations contained in its reports;

d) Setting and overseeing a mechanism that allows employees to confidentially and, if deemed appropriate, anonymously report any irregularities that could be potentially important, especially financial and accounting irregularities they may notice within the company.

2º Concerning the external auditor:

a) Bringing before the Board proposals to recruit, appoint, reappoint and replace the external auditor, along with their contracting conditions;

b) Receiving information from the external auditor about the auditing plan on a regular basis, in addition to the results of its performance, and checking to ensure senior management takes its recommendations into account;

c) Ensuring the external auditor's independence and to such a purpose:

i) Making sure the company notifies a change of auditor as a relevant disclosure to the National Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV), attaching thereto a statement on any disagreements, if any, with the outgoing auditor and their contents;

ii) Making sure that the company and the external auditor comply with prevailing legislation on the provision of services other than auditing services, the concentration constraints on the auditor's business and, in general terms, any other rules laid down to ensure auditors' independence;

iii) In the event of the external auditor standing down, looking into the circumstances that may have led to such a decision;

d) In the case of groups, making sure the group's auditor takes on responsibility for the audits of the companies making up the group.

See sections: B.1.35,B.2.2,B.2.3 and D.3

Complies X Partially complies ☐ Explain ☐

51. The Audit Committee should be able to call any of the company's employees or executives to declare and even rule that they do so without the presence of any other executive.

Complies X Explain ☐

52. The Audit Committee should inform the Board on the following matters set forth in Recommendation 8 prior to the Board taking any resolutions on such matters:

a) Financial information which the company is obliged to publish on a regular basis due to its condition as a listed company. The Committee should ensure that any interim accounts are drawn up using the same accounting criteria as the annual accounts and, to such a purpose, should consider the possibility of a limited review by the external auditor;

b) The setting up or acquiring of stakes in special-purpose entities or those domiciled in countries or territories deemed to be tax havens, as well as any other transactions or operations of an analogous nature which could erode the group's transparency due to their complexity;

c) Related-party transactions except when the prior reporting function has been attributed to another supervisory and control committee.

See sections: B.2.2 and B.2.3

Complies X Partially complies ☐ Explain ☐

53. The Board of Directors should attempt to bring the annual accounts before the General Shareholders' meeting without any reservations or qualifications in the auditor's report, and in any exceptional circumstances in which they may exist, both the Chairman of the Audit Committee and the external auditors should clearly explain the contents and scope of such reservations and qualifications to the shareholders.

See section: B.1.38

Complies X Partially complies ☐ Explain ☐

54. The majority of the members of the Appointments Committee (or of the Appointments and Remuneration Committee should it be a single committee) should be independent directors.

See section: B.2.1

Complies X Explain ☐ Not applicable ☐

55. In addition to the foregoing Recommendations, the Appointments Committee should be responsible for the following:

a) Assessing directors' competence, knowledge and experience and thus defining the functions and aptitudes needed by the candidates to fill each vacancy, as well as assessing the time and dedication needed to properly perform the tasks entrusted to them;

b) Examining and organizing the Chairman's and the chief executive's succession, so that they may be properly understood, and bringing proposals before the Board, so that such successions come about in an orderly well-planned fashion;

c) Informing about the appointment and dismissal of senior executives the chief executive may bring before the Board;

d) Informing the Board about gender the equality matters set forth in Recommendation 14 contained herein.

See section: B.2.3

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

56. The Appointments Committee should consult with the company's Chairman and chief executive, especially when it is dealing with matters having to do with executive directors.

Any director may request the Appointments Committee to take into consideration the potential candidates he/she may deem ideal to fill vacant directorships.

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

57. In addition to the foregoing Recommendations, the Appointments Committee should be responsible for the following:

a) Proposing to the Board of Directors:

i) Directors' and senior executives' remuneration policy;

ii) The individual remuneration for executive directors, along with their contract conditions;

iii) Basic contract conditions for senior executives.

b) Ensuring the remuneration policy laid down by the company is observed.

See sections: B.1.14 and B.2.3

Complies X Partially complies ☐ Explain ☐ Not applicable ☐

58. The Remuneration Committee should consult with the company's Chairman and chief executive, especially when it is dealing with matters having to do with executive directors and senior executives.

Complies X Explain ☐ Not applicable ☐

G. OTHER INFORMATION OF INTEREST

If you consider that there are any other principles and aspects applied by your company that have not been addressed by this report, state and explain their contents below.

Any other information, clarification or nuance related to the foregoing sections of the report may be included in this section.

More specifically, state if your company is subject to corporate governance legislation of countries other than Spain and, if so, include any information it may be obliged to disclose that is different from the information required herein.

(A.2.a)

In order to complement the information supplied in the Section A.2. it should be pointed out that in the significant shareholding of MARSICO CAPITAL MANAGEMENT, LLC, the direct holders of the voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. are not included, because the company has not communicate their identity according to the Article 34 of the Royal Decree 1362/2007 of October 19, that develops the Securities Market Law, as regards the requirements of transparency concerning information on issuers whose securities are admitted to trading on an official secondary market or on another market regulated by the European Union (hereinafter RD 1362/2007), declaring that any of his clients possess a number of shares equal or higher than a 3% of the voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

In relation to the significant shareholding of BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED all the direct holders of the voting rights in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. are not included, because the company has not communicate, according to the Article 34 of the Royal Decree 1362/2007 of October 19, the identity of the direct holders of a 0.337% of the total voting rights of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

In relation to the number of direct voting rights pointed out, that correspond to the companies BARCLAYS GLOBAL INVESTORS NA, BARCLAYS GLOBAL INVESTORS LTD, BARCLAYS GLOBAL INVESTORS (DEUTSCHLAND) AG AND BARCLAYS GLOBAL FUND ADVISORS, not having official numbers in the registers of the National Securities Market Commission (CNMV) and in the registers of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., they have been calculated taking as a basis the rounded percentage of the voting rights that are included in the notification made by BARCLAYS BANK PLC to the National Securities Market Commission (CNMV), with the entry date of register of November 26, 2008.

(A.2.b)

In order to complement the information supplied in Section A.2, it should be pointed out that the companies ARTISAN PARTNERS LIMITED PARTNERSHIP and BANCO BILBAO VIZCAYA ARGENTARIA, S.A. are not significant shareholders of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. anymore, from the date indicated in the Section A.2, having reduced its shareholding under the minimum limit of three per cent (3%) that is established in the Royal Decree 1362/2007.

(A.3)

In order to complement the information supplied in Section A.3, it should be pointed out that:

a) On date March 7, 2008 the company CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A. sold his total shareholding in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A to the companies IBERDROLA, S.A. and BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

b) Mr. Luis Ramon Arrieta Durana that, until his resignation on April 15, 2008, was the representative person of CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A., member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., is the holder of hundred (100) shares of the company.

c) Mr. Juan Carvajal Argüelles, a member of GAMESA COPORACIÓN TECNOLÓGICA, S.A.'s Board of Directors up to October 7, 2008, is not the holder of any share of the company.

d) Mr. José Miguel Alcolea Cantos, representative person of IBERDROLA, S.A. in the Board of Directors of GAMESA COPORACIÓN TECNOLÓGICA, S.A., is not the holder of any share of the company.

(A.4)

In order to complement the information supplied in Section A.4, it should be pointed out that the company CORPORACION IBV, PARTICIPACIONES EMPRESARIALES, S.A. and IBERDROLA, S.A. maintain a corporate relationship because IBERDROLA, S.A. shares on 50% with BANCO BILBAO VIZCAYA ARGENTARIA, S.A., the company CORPORACIÓN IBV, PARTICIPACIONES EMPRESARIALES, S.A., holder of 100% of CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A., that also agglutinates the industrial portfolio managed jointly by both of them, company that was the holder of 9.250% of the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until March 7, 2008.

On March 7, 2008 CORPORACIÓN IBV, PARTICIPACIONES EMPRESARIALES, S.A. proceeded to sell his total shareholding in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. to the companies IBERDROLA, S.A. and BANCO BILBAO VIZCAYA ARGENTARIA, S.A., with the result that nowadays is not the holder of any share in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(A.8)

In order to complement the information supplied in Section A.8, it should be pointed out that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. entered into a swap and forward transaction agreement with a financial institution in 2005 to cover the aforementioned Stock Options Program. Under this agreement, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. undertook to buy on maturity (set for 7 June 2011) a maximum of 2,212,000 shares. The acquisition price was set at 11.019 euros per share.

As consideration, the bank receives interest on the notional amount of the transaction, which GAMESA CORPORACIÓN TECNOLÓGICA, S.A. enters into the books as financing costs on an accrual basis. For its part, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. receives the dividends declared on the 2,212,000 shares.

Given that the risks inherent in the evolution of the price of said shares (either upwards or downwards) as regards the aforementioned share price and their economic rights (dividends) are to be incurred by GAMESA CORPORACIÓN TECNOLÓGICA, S.A., this transaction has been entered in the books to reflect the rights and obligations held arising from the aforementioned agreement, as is respectively indicated in notes 18.d and 11 of the consolidated and individual accounts.

(B.1.2)

In order to complement the information supplied in Section B.1.2, it should be pointed out that, at the Board of Directors Meeting held on April 15, 2008, with a previous report of the Appointments and Remuneration Committee, the Board was informed about the appointment of Mr. José Miguel Alcolea Cantos as the individual to represent CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A., a member of the Board of Directors of GAMESA COPORACIÓN TECNOLÓGICA, S.A. to replace Mr. Luis Ramón Arrieta Durana. After the resignation of CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A. as member of the Board of Directors occurred on June 26, 2008 and the appointment of Iberdrola, S.A. as a new member of the Board of Directors, IBERDROLA, S.A. appointed Mr. José Miguel Alcolea Cantos as his individual representative in the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(B.1.3)

In order to complement the information supplied in Section B.1.3, a brief profile of the Executive Directors, Directors Representing Significant Shareholders and Other Non-Executive Directors, appear below:

Executive Directors

Guillermo Ulacia Arnaiz

He was born in Baracaldo, Biscay and currently holds the offices of Chairman and CEO of GAMESA CORPORACIÓN TECNOLÓGICA.

He holds a computing degree from the Universidad de Deusto.

In addition to the positions he holds in GAMESA CORPORACIÓN TECNOLÓGICA, S.A., he is a member of the Governing Board of the Northern Area of the Management Progress Association *(Asociación para el Progreso de la Dirección – A.P.D.)* and a member of the Board of Directors of the Basque Institute for Competitiveness *(Instituto Vasco de Competitividad).*

Up to December 2005, the date on which he was appointed as Gamesa's CEO, he was the Executive Vice President of Sector Plans of the Arcelor steel group, as well as the Deputy Chairman of Aceralia.

His professional career has mainly taken place in the industrial sector, having held important positions in the steel and automotive industries.

He held the following positions, among others, in the steel industry: Executive Vice President of Grupo Arbed, holding responsibility for the group's R&D activities; Chairman of the COCKERILL SAMBRE (Belgium) Board of Directors; Chairman of the SIOMAR (Belgium) Board of Directors; Administrator of the SIDSTAHL NV (Belgium) Board of Directors; and Chairman of the Internet sales platform for steel products, Steel 24-7.

In the automotive sector, he belonged to the Board of Directors of General Motors, Spain; was the Administrator of GESTAMP AUTOMOCIÓN; a member of the GONIVARRI INDUSTRIAL Board of Directors; and a member of the GONIVARRI HOLDING Board of Directors.

Carlos Rodríguez-Quiroga Menéndez

He was born in Madrid. He currently holds the office of member and Secretary to the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Law Degree from the Universidad Complutense de Madrid.

He is a Diploma holder of Employment Law from the Legal Practice School of Madrid.

He has also been granted Diplomas in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

He is a 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.; DTS Distribuidora de Televisión Digital, S.A.; Media Park, S.A.; Sky Service Aviation, S.A.; Quiero Televisión, S.A.; Motor Ediciones, S.A.; and Diver Karting, S.L.

He is a member of the Governing Board and Secretary General of the Africa Foundation (Fundación Africa), as well as a member of the Governing Board of the Spain-Equatorial Guinea Foundation *(Fundación España-Guinea Ecuatorial).*

Directors Representing Significant Shareholders

Juan Luis Arregui Ciarsolo

Born in Mallavia, Biscay. He holds the offices of Member of the Board of Directors and 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 Wansdorf, Germany and has a Master in Michromecanics from Besançon, France.

He has been the Chairman of Viña Izadi since 1987 and of Foresta Capital, S.A. since 2002, after having been involved in the setting up of both companies. He has likewise been the Chairman of Grupo Empresarial Ence, S.A. since 2006. He is a director of GRL Aciete since 2000, First Deputy Chairman of Cartera Industrial Rea (since 2008) and director of Iberdrola, S.A. since 1993, and has held the offices of member of the Audit Committee (1999-2001), member of the Executive Committee (since 2002), member of the Appointments and Remuneration Committee (since 2004) and Deputy Chairman of the Board of Directors (since 2006).

He also held the positions of Chairman of Gamesa until 1995, of which he was a founder in 1976; Chairman of Corporación Eólica Cesa, S.L.; Co-Chairman of Grupo Guascor (1995-2003); and director of Gestor de Proyectos y Contratos, S.A., of which he was a co-founder.

Pedro Velasco Gómez

Born in Madrid. He holds the offices of Member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds an Economics Degree from the Universidad Complutense de Madrid.

He subsequently studied Operational Research at the same university and did several postgraduate courses at institutions like the Euroforum or the IESE.

His professional career has taken place in banking, where he has held different positions like Deputy General Manager of Banco Urquijo (1989), Deputy General Manager for Corporate Banking at Banco Hispano Americano, CEO of Hispamer (1992-1995) and Deputy General Manager of Banco Santander Central Hispano (1997-2002).

He has been the Iberdrola's Manager for Non-Energy Businesses and Real Estate since 2004.

He is a member of the Board of Directors of several companies, including Iberdrola Inmobiliaria, Corporación IBV, VINZEO, NEO SKY and VEO TELEVISION.

José Miguel Alcolea Cantos

Born in Albacete He is currently representing Iberdrola, S.A., Member of the Board of Directors of GAMESA CORPORACION TECNOLOGICA, S.A.

He has a degree in Law from the University of Complutense of Madrid and specialized in Business from C.U. San Pablo CEU. He is a servant lawyer since 1996. He has complemented his training with Doctorate Courses at such as University of Complutense of Madrid and IESE (Madrid, 2007)

He has spent his career primarily in the field of servant lawyer where he has been in charge several departments. Actually he has been Servant Lawyer – Chief of Legal Advisory of Economic Estate Secretary, responsible of legal advisory of Assurance and Pension Funds General Management and Servant lawyer in the Legal Service Tax Agency, Secretary of the Regional Economic-Administrative Tribunal of Catalonia and Servant Lawyer in the Public Legal Authority of Catalonia.

He has been Secretary to the Board of Directors of Agencia EFE S.A. and CEO in several public companies like the Consorcio de Compensación de Seguros y SEIASA.

He has developed an important career in teaching.

Nowadays he is the Directors of Legal Services of Businesses of Iberdrola S.A. (since February 2004), Director of Scottish Power Ltd. and Secretary to the Board of Directors of Desafío Español 2007 S.A.

Otros Consejeros Externos

Carlos Fernández-Lerga Garralda

He was born in Pamplona, Navarre and currently holds the office of Deputy Secretary to the Board and Non-Voting Secretary of the Audit and Compliance Committee and of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Law degree from the University of Navarre, a Master in European Studies from the University of Louvaine in Belgium and did doctorate courses in Law at the Universidad Complutense de Madrid and specialized in Corporate Law at the Bank of Spain's Training Center.

He rounded off his studies in International Law at The Hague International Academy of Law, in Comparative Law and International Organizations at Strasbourg and at the Collège Universitaire d´Etudes Féderalistes in Nice, Val d'Aosta.

He is a practicing lawyer and currently holds several positions as a member and Chairman of the Audit Committee of Abantia Corporación, Chief Legal Counsel of Sociedad General de Autores y Editores (SGAE), a member of the Executive Committee of the Real Instituto Elcano de Estudios Internacionales y Estratégicos, a member of the Governing Board of the Spain-United States Foundation Council and a member of the Governing Board of the Euroamerica Foundation; member of the Board of Directors of Inmobiliaria Colonial, S.A., as well as member of its Executive Committee and its Appointments and Remuneration Committee, and Chairman of its Audit and Control Committee.

He has held several positions throughout his professional career. He was an advisor to the Minister and to the Secretariat of State for Relations with the European Community (negotiating Spain's accession to the European Community, May 1978 – 1983), General Manager of Asesoramiento Comunitario, S.A. belonging to Grupo Banco Hispano Americano (1984 – 1985), an Expert sitting on the E.U. committee on SME policy, a research consultant for the Andes Pact (Board of the Cartagena Agreement, Lima, Perú 1976), an advisor to the Centro de Investigación y Técnicas Políticas CITEP (1977–1978), a member of the World Federalist Youth Secretariat (Amsterdam, the Netherlands), Secretary of the European League for Economic Cooperation, a member of Hispania Nostra's Governing Board, Secretary of the Fundación para el Progreso y la Democracia, Treasurer of the Madrid Bar Association, and a member and Secretary to the Board of Directors of Hispasat Mexico.

He has also taught at the Political Sciences Department of the Universidad Complutense and at the Institute for European Studies of the Universidad de Alcalá de Henares, among others.

He is the author of numerous works and has published many articles on economics and general information in the press.

He has also given many talks in Spanish and foreign universities and institutions, as well as delivered papers in congresses.

He has been awarded the Encomienda de la Orden de Mérito Civil (a Spanish civil distinction).

(B.1.3)

In order to complement the information supplied in Section B.1.3, it should be pointed out that it has been a variation of the status of Mr. Pascual Fernández Martínez according to the following reasons:

Mr. Pascual Fernández Martínez was appointed member of the Board of Directors of Gamesa, as "Other Non-Executive Directors", by approval of the General Shareholders Meeting on May 25, 2007.

The reason to be included in the above-mentioned status of Director was that until his appointment, he has been individual representative of a significant shareholder and member of the Board of Directors of Gamesa, the company Corporación IBV, Participaciones Empresariales, S.A.

On March 7, 2008, the above-mentioned company sold his total shareholding in the share capital of Gamesa, but the Company Corporación IBV, Servicios Y Tecnologías, S.A. in which Corporación IBV, Participaciones Empresariales, S.A. is a holder of shares, was still a member of the Board of Directors of Gamesa until June 26, 2008, date in which it was substituted by the company Iberdrola, S.A.

Consequently, the reasons that justified the status of Mr. Pascual Fernández Martínez as "Other Non-Executive Directors" have disappeared, being necessary to include him in any of the other status.

Looking at the definitions of the diverse types of Directors that is in the Article 7 of the Board of Directors regulations in accordance with the ones contained in the Unified Good Governance Codex (Código Unificado de Buen Gobierno) from May 22, 2006, it is remarkable that:

1. Mr. Pascual Fernández Martínez can not be included in the status of "directors representing significant shareholders", because:
   a. He does not own a shareholding higher or equal to what is legally considers significant.
   b. He has not been appointed for his condition of shareholder, although his shareholding does not reach that amount.
   c. His appointment has not been proposed to the Company by shareholders from the ones mentioned in the above letter (a).
2. Mr. Pascual Fernández Martínez can not be included in the status of Executive Directors because:
   a. He does not perform executive functions.
   b. He sis not an employee.
   c. He does not perform management responsibilities or executive functions in the company or its group.
3. Mr. Pascual Fernández Martínez has to be included in the Non-Executive Directors status, because:
   a. He has not been a an employee or executive director of the companies of the group.
   b. He does not become, from the company or its group, any amount or benefit for a different item than remuneration as a Director.
   c. He is not or has not been, during the last three (3) years, partner of the external auditor or those holding responsibility for the auditor's report, whether it be of the Company's audit or that of any other group company during the aforementioned period.
   d. He is not an executive director or senior executive of another company in which some executive director or senior executive of the Company is an external director.
   e. He does not maintain or has not maintained during the past year a significant business relationship with the Company or with any of the companies of its Group, be it on their own behalf or as a significant shareholder, director or senior executive of an organization that maintains or has maintained such a relationship.
   f. He is not a significant shareholder, an executive director or a senior executive of an organization that receives or has received during the last three (3) years significant donations from the Company or its Group.
   g. He is not spouse of or parties related through an analogous relationship to an executive director or senior executive of the Company, as well as their family members up to the second degree of kinship.
   h. His appointment has been put forward by the Appointments and Remuneration Committee.
   i. He does not find himself in any of the circumstances set forth in paragraphs a), e), f) or g), as regards a significant shareholder or a shareholder represented on the Board.

(B.1.7)

In order to complement the information supplied in Section B.1.7, the offices held by Mr. Guillermo Ulacia Arnaiz during 2008 in other companies belonging to GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s Group are indicated below:

Name or trade name of the director	Trade name of the company belonging to the group	Office
Ulacia Arnaiz, Guillermo	GAMESA SOLAR, S.A.U.	Individual representing the Single Administrator, GAMESA ENERGIA, S.A.U. until April 24, 2008.

As indicated in the Significant Event 90013 sent to the National Securities Market Commission (CNMV) on February 28, 2008, having fulfilled the conditions to which the operation was submitted and having formalized the selling of shares deed, Mr. Guillermo Ulacia Arnaiz resigned as individual representing GAMESA ENERGÍA, S.A.U., single administrator of GAMESA SOLAR, S.A.U.

(B.1.8)

In order to complement the information supplied in the Section B.1.8 it should be pointed out that according to the Significant Event 103278 sent by the company Vocento, S.A. to the National Securities Market Commission (CNMV) on February 2, 2009, Mr. Santiago Bergareche Busquet is not longer a member of the Board of Directors of Vocento, S.A., and has been appointed individual representing the company Bycomels Prensa, S.L. in the performance of the function of member of the Board of Directors and of the Executive Committee of Vocento, S.A.

(B.1.10)

In order to complement the information supplied in Section B.1.10. it should be pointed out that the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. approved the general politics of the company in his meeting of September 18, 2008, in fulfillment of Article 5.4.(i) of the Board of Directors Regulations.

(B.1.10)

In order to complement the information supplied in Section B.1.10., Article 19 of the corporate Bylaws and Article 5 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. are transcribed below:

Corporate Bylaws

Article 19.- Powers

The Board of Directors is vested with the most wide-ranging powers to administer, govern and represent the Company in all matters having to do with the Company's business without any constraints other than those reserved by the Law or these Bylaws for the General Shareholders' Meeting.

The Board of Directors shall take responsibility for approving the Company's strategy and the organization needed to put it into practice as its core mission, in addition to overseeing and controlling that Management meets the targets laid down and respects the Company's corporate purpose and interests. To such an end, the Board of Directors' competencies include but are not limited to:

a. Drawing up the Annual Accounts and the Management Report for the Company and its Consolidated Group, as well as the proposal on the allocation of profits.

b. Approving the financial information the Company has to report on a regular basis due to its condition as a listed company.

c. The strategic or business plan, as well as annual management targets and budget.

d. Appointing Directors through cooptation, and proposing to the General Shareholders' Meeting the appointment, ratification, reappointment and relieving of office of Directors, without prejudice to the entitlements granted to Shareholders pursuant to prevailing legislation.

e. Appointing and relieving offices within the Board of Directors.

f. Appointing and relieving members of the Board of Directors' Committees of office.

g. Approving the Company's Senior Management appointments and dismissals, along with setting any compensation for them in the event of dismissal and the rest of their basic contract conditions.

h. Approving investments and transactions of all kinds that are of a strategic nature due to their large amount or special characteristics in accordance with the requirements or criteria the Board may set at any time.

i. Approving operations or transactions that may involve a Conflict of Interest with Directors, significant shareholders or shareholders represented on the Board.

k. Approving remuneration schemes (compensation, allowances, pension schemes, life insurance, liability insurance, etc.) for Directors that are legally within its competence and in accordance with the Bylaws, as well as additional remuneration schemes for Executive Directors due to their executive functions and the other conditions their contracts must fulfill, including any compensation in the event of dismissal or removal from office.

l. Approving the Corporate Governance Policy, the Board Regulations, as well as the Corporate Social Responsibility Policy.

m. Approving the treasury stock policy and its constraints within the scope of its competence.

n. Drawing up the dividend policy to be brought before the General Shareholders' Meeting and taking resolutions on interim dividend amounts.

o. Any other matters that the Board may deem to lie within its competence and in the Company's interest, or which the Board Regulations may have entrusted to it.

All the aforementioned actions shall be carried out by the Board of Directors either at the Board's own initiative or at the initiative of the Corporate Body that may have entrusted them to it and, if necessary, after having received a report from the relevant Committee. Such actions shall be in accordance with these Bylaws and the rest of the Company's internal rules.

The Board shall perform its functions as a whole and with independent criteria, treat all shareholders in the same way and be guided by the company's interests, which shall be construed as maximizing the company's economic value in a sustained manner. In its dealings with stakeholders, the Board shall likewise ensure that the company complies with the law and regulations, fulfills its obligations in good faith, respects the good uses and best practices of the industries and territories in which it performs its activities, and accepts any additional social responsibility principles it may have voluntarily accepted.

Board of Directors Regulations

Article 5. The Board's Mission and Functions

1. The mission of Gamesa's Board of Directors is to promote the Company's interests, to represent the Company and its shareholders in the management of its assets, to manage the business and to direct the business' administration.

2. Apart from the matters reserved for the competence of the General Shareholders Meeting, the Board of Administration is the highest representative and decision-making body in the Company. It has no substantial constraints apart from those laid down in legislation and the Bylaws, and particularly in the corporate purpose.

3. The Board's policy is to delegate the Company's day-to-day management to executive bodies and the management team, thereby focusing its activity on exercising general oversight and setting overall strategies.

4. Without prejudice to the powers and functions delegated to the Audit and Compliance Committee and to the Appointments and Remuneration Committee, the Board shall deal with all the matters of relevance to the Company and shall particularly take on the obligation of directly exercising the following responsibilities:

   (i) Approving the company's overall policies and strategies and in particular:

      a) The strategic or business plan, as well as annual management targets and budget.

      b) Defining the group of companies' structure.

      c) The corporate social responsibility policy.

      d) The risk identification, control and management policy, as well as the implementation and regular monitoring of internal information and control systems.

   (ii) Concerning general management

      a) Setting general regulations and proposing the appointment of individuals to represent the Company, either as its Administrators or as individuals representing them, in the Group companies' governing bodies as well as

in those of its subsidiaries and of any companies in which it holds a stake, as long as the Board of Directors should so decide due to the relevance of any of these.

b) As regards Senior Management, approving:

–The appointments, dismissals and remuneration of the Company's Senior Management, including any compensation in the event of dismissal or removal from office;

–The remuneration policy and performance assessments;

–Organizing Senior Management's structure, organization chart and job descriptions.

All the foregoing shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board of Directors' Committees, depending on the individual or body to which Senior Management may report and after having received a report from the Appointments and Remuneration Committee.

c) Overseeing Senior Management's and Executives' management activities and, if necessary, adopting any disciplinary measures for them should they breach their Corporate Governance obligations and/or the Internal Code of Conduct Regarding the Securities Markets.

d) After having received a report from the Audit and Compliance Committee, authorizing operations or transactions that may involve Conflicts of Interest (i) with the Company or the Group's companies, (ii) with Directors or their related parties, (iii) with shareholders holding significant stakes or represented on the Board and their related parties, (iv) with Senior Management and Executives, as well as (v) any other relevant transaction concerning the same, except when it is not necessary pursuant to the provisions set forth in Article 35.5 contained herein.

e) Approving waivers and other authorizations concerning Directors' duties which lie within its competence according to these Regulations.

f) Approving policies concerning treasury stock within the framework the General Shareholders' Meeting may lay down.

g) Drawing up the dividend policy to be brought before the General Shareholders' Meeting and taking resolutions on interim dividend amounts.

h) Approving specific incentive schemes covering several years after having received a report from the Appointments and Remuneration Committee.

i) In general terms, approving operations that involve substantial amounts of the Company's assets, as well as investments or transactions of all kinds that are of a strategic nature due to their large amount or special characteristics in accordance with the requirements or criteria the Board may set at any time.

(iii) Concerning the General Shareholders' Meeting:

The Board of Directors shall bring the following operations before the General Shareholders' Meeting for its approval:

iv) The transformation of the Company into a holding through subsidiarization or the incorporation of essential activities performed up to that time by the company itself into subsidiaries, even when the company maintains full control over them.

v) Acquisition or divestment transactions involving essential operating assets, whenever they involve an effective modification of the corporate purpose.

vi) Operations whose effect would be equivalent to liquidating the Company.

(iv) Concerning the Board's organization and running and after having received a proposal or report from the Appointments and Remuneration Committee:

a) (i) Appointing Directors to cover vacancies produced in the Board through cooptation and (ii) proposing to the General Shareholders' Meeting the appointment, ratification, reappointment and relieving of office of Directors, without prejudice to the entitlements granted to Shareholders pursuant to prevailing legislation.

b) Appointing and dismissing the Chairman, the CEO, the Secretary and, if necessary, the Deputy Chairman and Deputy Secretary, along with the members that should form part of each of the Committees set up within the Board.

c) Proposing the most appropriate number of directors in order to duly ensure the body is representative and runs smoothly.

d) Approving remuneration schemes (compensation, allowances, pension schemes, life insurance, liability insurance, etc.) for Directors that are legally within its competence and in accordance with the Bylaws, as well as additional remuneration schemes for Executive Directors due to their executive functions and the other

conditions their contracts must fulfill, including any compensation in the event of dismissal or removal from office after having received the Appointments and Remuneration Committee's report.

e) Approving amendments to these Regulations under the terms set forth in Article 3

(v) Concerning the annual accounts, transparency and veracity of the information:

a) Drawing up the annual accounts and management report, and proposing how both individual and consolidated profits are to be allocated, and submitting them before the General Shareholders' Meeting, along with the quarterly and half-yearly financial statements, should it be the case.

b) Setting shareholder, market and public reporting and communications policies and contents, and more specifically the Company's corporate Website, where the shareholders' entitlement to information shall be attended, and disclosing relevant information. All of the foregoing shall be done pursuant to prevailing legislation.

c) Ensuring that information that has to be disclosed to the public is transparent, including the Directors' and Senior Management's remuneration.

d) Pursuant to the provisions set forth in Article 37 of the Regulations, drawing up, approving, informing about and publishing the Annual Corporate Governance Report with the contents and under the terms that may be legally laid down by prevailing legislation at any one time.

e) Approving the Internal Rules of Conduct for the Securities Markets.

f) Drawing up and approving the Company's Sustainability Report or Social Responsibility Report pursuant to Article 39 of the Regulations with the regularity it may deem appropriate and, should it be the case, defining and promoting corporate social responsibility actions.

5. The Board shall also have the functions the Law may attribute to it, those which the General Shareholders' Meeting may delegate to it, those contained in the General Shareholders' Meeting Regulations and the ones specifically set forth herein.

6. Any powers that may not be delegated pursuant to the Law, the Bylaws or expressly set forth in an internal rule as such shall be exclusively reserved for the Board of Directors' consideration.

(B.1.11)

In order to complement the information supplied in Section B.1.11, it should be pointed out that:

(a) The information included in the above-mentioned section coincides with the information appearing on Note 17 of the Individual Report and Note 30 of the Consolidated Report, which forms part of the 2008 Annual Report.

(b) The remuneration of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. during the financial year 2008 is break down as follows:

1. The remuneration of the executive Directors comprises in relation to the Chairman of the company a fixed remuneration and a variable remuneration for the fulfillment of objectives 2008 and, in relation to the Secretary to and member of the Board it includes a fixed remuneration and allowances for attending the meetings.

2. As regards the External Directors, not making any difference between those representing a significant shareholder, those non-executives or those other non-executive, their remuneration comprises a fixed remuneration according to the post and Committees from he is a member and allowances for attending to the meetings. This system that is set up to have effects starting on September 1, 2008 has been applied proportionally from the moment it took effect in the financial year. The amounts yield for the abovementioned concepts amount to a total of 1,004,520 euros that, in comparative terms in relation to the financial year 2007 (987,000 euros), is an increment of 1.77%.

At last it should be pointed out that "the Board of Directors shall draw up a report on the remuneration policy for the current year on an annual basis and on the application of the remuneration policy in force in the previous financial year. The report shall be placed at the shareholders' disposal in the form that the Board may deem appropriate for the announcement of the General Shareholders' Meeting." (Article 26.3 of the Board of Directors Regulations).

(B.1.12)

In order to complement the information supplied in Section B.1.12, it should be pointed out that Mr. Juan Antonio Berreteaga Lejarza stood down as the General Manager of Solar Products on January 3, 2008; and Mr. César Fernández de Velasco stood down as the General Manager of Operations on February 29, 2008.

Likewise it should be pointed out that starting on July 1, 2008, Mr. Luis Pardo López is the General Manager of Operations.

As a complementary information to the members of the Senior Management of the company it should be pointed out that on January 24, 2008 the Board of Directors created a new General Management Unit of Quality, Environment and Labour Safety, appointing Mr. José Ignacio Larretxi Burgos as his Manager.

(B.1.12)

In order to complement the information supplied in Section B.1.12, it should be pointed out that the total remuneration of the Senior Management throughout the financial year 2008 includes the total amount of 2,945,733 euros, as a result of the exercise of the stock options plan 2005-2007.

In the total amount of the Senior Management it is included the amounts of the members of the Senior Management that stood down.

(B.1.13)

In order to complement the information supplied in Section B.1.13, it should be pointed out that on the moment of the call of the General Shareholders Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. of 2008, information of the guarantees or golden handshake clauses in favour of the members of the Senior Management was put at disposal of the shareholders. This information is held in the Explanatory Report of additional information included in the Management Report as complement to the Annual Report of the financial year ending on December 31, 2008, as per article 116 bis of the Spanish Stock Market Law.

In the above-mentioned report it is included the reference to the inclusion of agreements between the company and its administrator posts and directors or employees that set compensations when these resigned o are dismissed unfairly or if his labour relation comes to an end as a consequence of a takeover bid.

The information given to the shareholders in the report relating to golden handshake clauses is the one detailed below:

"The Chief Executive Officer and certain members of the Company's management team are contractually entitled to receive financial compensation in the event of the termination of relations on grounds attributable to the Company, and in certain cases due to the occurrence of objective circumstances, such as a change of control. The financial compensation agreed in relation to such termination consists, in general terms, of the payment of fixed and variable remuneration corresponding to different periods depending on the personal and professional circumstances of the officer concerned, and the time at which the contract was signed.

The employees, not included in the Company's management team, generally are not contractually entitled to receive any financial compensation, in the event of the termination of relations, other than such as may be established in the regulations apply."

(B.1.14)

In order to complement the information supplied in Section B.1.14, Article 5.4 (ii).b) of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is transcribed below:

Board of Directors Regulations

Article 5 The Board's Mission and Functions

4. Without prejudice to the powers and functions delegated to the Audit and Compliance Committee and to the Appointments and Remuneration Committee, the Board shall deal with all the matters of relevance to the Company and shall particularly take on the obligation of directly exercising the following responsibilities:

(ii) Concerning general management:

b) As regards Senior Management, approving:

–The appointments, dismissals and remuneration of the Company's Senior Management, including any compensation in the event of dismissal or removal from office;

–The remuneration policy and performance assessments;

–Organizing Senior Management's structure, organization chart and job descriptions.

All the foregoing shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board of Directors' Committees, depending on the individual or body to which Senior Management may report and after having received a report from the Appointments and Remuneration Committee.

(B.1.14)

In order to complement the information supplied in Section B.1.14, Article 26 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is transcribed below:

Board of Directors Regulations

Article 26. The Board's Remuneration

1. The Board shall be entitled to obtain the remuneration set for it pursuant to the Bylaws' provisions.

2. The Board shall make an effort to ensure its remuneration is moderate and based on the market's requirements and that significant part of it is linked to the Company's performance.

3. The Board of Directors shall draw up a remuneration policy that shall include all fixed items, variable remuneration items (indicating essential parameters and hypotheses or targets taken as a reference, along with assessment criteria), the main features of the social welfare schemes and the main conditions which the contracts of executive directors must fulfill.

   The Board of Directors shall draw up a report on the remuneration policy for the current year and on the application of the prevailing remuneration policy in the preceding financial year on an annual basis. This report shall be placed at the shareholders' disposal in the form that the Board may deem appropriate for the announcement of the General Shareholders' Meeting.

4. The Board's remuneration shall be transparent and break down in the report, as an integral part of the Annual Accounts, the remuneration received by each Director on an individual basis either from the Company or from any of the companies belonging to its Consolidated Group. Such information shall be disclosed in the Annual Corporate Governance report under the terms and conditions required by the Law.

5. The Board shall determine the way and amounts in which the remuneration thus set shall be distributed among its members in each financial year, which may be done on an individual basis. The Board shall ensure that the amount of the Non-Executive Directors' remuneration is appropriate for their dedication and provides an incentive thereof, but without compromising their independence.

6. The remuneration set forth in this article shall be compatible with and independent of any other kind remuneration that may be generally or individually set for any members of the Board of Directors performing executive functions or entrusted with professional tasks, whatever their nature maybe.

The competences that, according to the previous transcribed article, are reserved to the entire Board of Directors have to be put into relation with the competence of proposal and report that has the Appointments and Remuneration Committee (Articles 5 and 15 of the Board of Directors Regulations).

(B.1.16)

In order to complement the information supplied in Section B.1.16, it should be pointed out that according to Article 15.4.d) of the Board of Directors Regulations, without prejudice to other responsibilities the Board of Directors may assign to it, the Appointments and Remuneration Committee shall have the following basic responsibilities: "Proposing the Directors' remuneration scheme and its annual amounts to the Board of Directors, as well as the individual remuneration

for Executive Directors, along with the rest of their contract conditions. All the foregoing shall be in accordance with the provisions set forth in the Corporate Bylaws and these Regulations."

(B.1.17)

In order to complement the information supplied in Section B.1.17, it should be pointed out that Mr. José Miguel Alcolea Cantos, individual representing IBERDROLA, S.A., member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., holds the post of Director of the Legal Services of Business in IBERDROLA, S.A., significant shareholder of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(B.1.19)

In order to complement the information supplied in Section B.1.19, it should be pointed out that on the meeting of the Board of Directors of January 29, 2009, the mentioned body approved the report of the Appointments and Remuneration Committee about the separate evaluation of the performance of the functions of the Chairman and CEO of the company, of the Board of Directors and of the Appointments and Remuneration Committee.

(B.1.29)

In order to complement the information supplied in Section B.1.29, it should be pointed out that the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. apart from the 14 meetings that took place during the financial year 2008, approve an agreement without a meeting on June 13, 2008.

(B.1.29)

In order to complement the information supplied in Section B.1.29, it should be pointed out that the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. apart from the 11 meetings that took place during the financial year 2008, approve an agreement without a meeting on March 7, 2008.

(B.1.29)

In order to complement the information supplied in Section B.1.29, it should be pointed out that the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. apart from the 8 meetings that took place during the financial year 2008, approve an agreement without a meeting on April 15, 2008.

(B.1.30)

In order to complement the information supplied in Section B.1.30, it should be pointed out that in the meeting of June 9, 2008 of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. two Directors did not attend to it.

(B.1.33)

In order to complement the information disclosed in Section B.1.33, it should be pointed out that the Secretary to the Board of Directors also holds the office of Legal Counsel to the Board of Directors in keeping with his/her professional background as a lawyer. In accordance to the Article 11.3 of the Board of Directors Regulations: *"the Secretary shall at all times ensure the substantive and material formality of the Board's actions and specially oversee that the Board's actions:*

a) Comply with the wording and spirit of the Law and its regulations, including those approved by regulatory bodies.

b) Comply with all Company Bylaws and with the Board and General Shareholders' Regulations, along with any others the Company may have.

c) Take into consideration any recommendations on good governance issued by regulatory authorities that the Company may have accepted in its Bylaws and/or Regulations."

(B.1.35)

In order to complement the information disclosed in Section B.1.35, Article 19 of the Audit and Compliance Committee Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. states that:

Audit and Compliance Committee Regulations

Article 19.- Relations with External Auditing

The Audit and Compliance Committee shall propose the appointment (and, when necessary, the renewal, annulment or non-renewal) of the External Auditor to the Board of Directors for submission before the General Shareholders Meeting. Said proposal shall also include the contract terms and scope of the Auditor's professional responsibility. The Committee shall also monitor the fulfillment of the auditing agreement.

The Audit and Compliance Committee shall not propose to the Board of Directors the appointment of any auditing firm (and the Board, in turn, shall not make such a proposal to the General Shareholders Meeting) which (i) is subject to a cause of incompatibility pursuant to prevailing auditing law, or (ii) whose projected overall fees for the contract amount to over five (5) percent of their entire earnings over the previous year.

The External Auditor shall appear before the Audit and Compliance Committee at least twice – once in the preliminary stage of its work and again near the end. The purpose of these appearances shall be to inform the Committee about the progress of the Auditor's work, and to present the results. The Committee may also require the External Auditor to attend its meetings.

In addition, the External Auditor shall present an "Annual Recommendations Memorandum" resulting from its work, to the Audit and Compliance Committee.

The Audit and Compliance Committee shall also require that the External Auditor confirm its independence from Gamesa and the companies in its Group. Said independence must apply not only to the auditing firm, but to each employee comprising its work team.

Any rendering of services to Gamesa on the part of the External Auditor apart from account audits shall require prior confirmation by the auditor before the Audit and Compliance Committee that the possible job respects all prevailing regulations concerning the rendering of such services by the auditor. As such, the External Auditor shall annually inform the Audit and Compliance Committee of any additional services of any kind that it has rendered to the Gamesa Group.

The Audit and Compliance Committee shall receive information concerning any hiring by Gamesa or its Group companies of an employee coming from the auditing firm.

The Audit and Compliance Committee shall notify the Spanish National Securities Market Commission of any change in the External Auditor, said communication qualifying as a significant event.

(B.1.40)

In order to complement the information supplied in section B.1.40, the following information is included in relation to Mr. José Miguel Alcolea Cantos, individual representing IBERDROLA, S.A., member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.:

Name or trade name of the director	Name of company in which shares are held	% shareholding	Position or functions
Alcolea Cantos, José Miguel	IBERDROLA, S.A.	0.000 %	Director of the Legal Services of Business
	IBERDROLA INGENIERÍA Y CONSTRUCCION, S.A.U.	0.000 %	Member of the Board of Directors (since February 12, 2009)
	SCOTTISH POWER, LIMITED	0.000 %	Member of the Board of Directors

(B.2.1)

In order to complement the information supplied in Section B.2.1, we would like to state that the regularity with which meetings of the Board of Directors are held justifies the fact that there is no Executive Committee.

(B.2.1)

In order to complement the information supplied in Section B.2.1., the changes produced in the Committees of the Board of Directors during and since the close of the financial year are indicated below:

Audit and Compliance Committee

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., at its meeting held on March 27, 2008, resolved to relieve the Member of the Audit and Compliance Committee, CORPORACIÓN IBV, SERVICIOS Y TECNOLOGÍAS, S.A., of office and to replace it as a member of the Audit and Compliance Committee by Mr. José María Vázquez Egusquiza, an Independent Director of the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

(C.5)

In order to complement the information disclosed in Section C.5, it should be pointed out that Mr. José Miguel Alcolea Cantos, individual representing IBERDROLA, S.A. has declared that according to the process established in Article 30 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in the meetings of the Board of Directors of April 15, 2008 and May 30, 2008, in which it has been deliberated and, if necessary, approved agreements in relation to operations with IBERDROLA, S.A. (company in which he is a Manager) and/or its group, he did not attend the meeting and, consequently, did not participate in the deliberation, voting, decision making and execution of the agreement.

(E.7)

In order to complement the information disclosed in Section E.7, it should be pointed out that the electronic vote system was used in the General Shareholders Meeting of the financial year 2007 by two shareholders that were holders of a total of six thousand ninety four (694) shares. One of the shareholders is a holder of five hundred forty nine (549) shares and the other is a holder of one hundred forty five (145) shares.

Binding Definition of Independent Director:

Indicate whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, had such relationship been sufficiently significant or important, would have determined that the director could not be considered as an independent director pursuant to the definition set forth in Section 5 of the Unified Code of Good Governance:

Yes X No ☐

Name of director	Type of relationship	Explanation
Fernández Martínez, Pascual	Volunteer representation	Until his appointment as member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. on May 25, 2007, he was the individual representing Corporación IBV, Participaciones Empresariales, S.A., company that on that date was a shareholder with a significant shareholding in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (From March 7, 2008 CORPORACIÓN IBV, PARTICIPACIONES EMPRESARIALES, S.A does not own any share in the capital share of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.)

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on February 25, 2009.

State whether any Directors either voted against or abstained from voting to approve of this Report.

Yes ☐ No X

Name or trade name of the director that has not voted in favor of approving this report	Reasons (against, abstention, non-attendance)	Explain the reasons

NOTICE. The present document is a translation of a duly approved document in Spanish-language, and it is only provided for informational purposes. Shall a discrepancy between the present translation and the original document in Spanish-languaje appear, the text of the original Spanish-language document shall always prevail.

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