

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

Auditors' Report

Consolidated Financial Statements for the year
ended 31 December 2011 prepared in
accordance with International Financial
Reporting Standards

Consolidated Directors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). In the event of a discrepancy, the Spanish-language version prevails.

Auditor's report on consolidated annual accounts

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

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

We have audited the consolidated annual accounts of Gamesa Corporación Tecnológica, S.A. (Parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 2.a, the Directors of the Parent Company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated financial position of Gamesa Corporación Tecnológica, S.A. and its subsidiaries at 31 December 2011 and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

On 24 February 2011 other auditors issued their audit report on the consolidated annual accounts for 2010, which expressed an unqualified opinion.

The accompanying consolidated Directors' Report for 2011 contains the explanations which the Parent Company's Directors consider appropriate regarding the Group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated Directors' Report is in agreement with that of the consolidated annual accounts for 2011. Our work as auditors is limited to checking the consolidated Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Gamesa Corporación Tecnológica, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by Ricardo Celada
Partner
February 23, 2012

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE GAMESA GROUP
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010
(Thousands of euros)

ASSETS	Notes	31.12.11	31.12.10 (*)	EQUITY AND LIABILITIES	Notes	31.12.2011	31.12.10 (*)
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets-				Of the Parent-	18		
Goodwill	8	387.258	387.258	Share capital		42.039	41.771
Other intangible assets	9	230.808	166.802	Share premium		155.279	155.279
		617.866	554.060	Other reserves		1.456.018	1.411.921
Property, plant and equipment-	10			Unrealised asset and liability revaluation reserve		702	(8.537)
Property, plant and equipment in use		400.704	381.217	Translation differences		7.541	7.216
Property, plant and equipment in the course of construction		51.196	46.532	Treasury shares		(27.541)	(34.188)
		461.900	427.749	Net profit for the year		51.112	50.192
Investments accounted for using the equity method	11	47.446	45.300			1.685.150	1.623.654
Non-current financial assets-	13						
Derivatives		28	-	Of non-controlling interests	19	6.948	5.048
Investment securities		34.955	31.231	Total equity		1.692.098	1.628.702
Other non-current financial assets		5.889	77.241				
		40.872	108.472	NON-CURRENT LIABILITIES:			
Deferred tax assets	24	255.259	221.854	Provisions for contingencies and charges	22	241.745	231.275
Total non-current assets		1.413.343	1.357.435	Bank borrowings	20	940.791	556.725
				Other non-current liabilities	23	43.702	45.363
				Deferred tax liabilities	24	84.317	49.089
				Derivative financial instruments	21	4.343	5.311
				Total non-current liabilities		1.314.898	887.763
CURRENT ASSETS:				CURRENT LIABILITIES:			
Inventories	14	1.116.105	843.767	Bank borrowings and other financial liabilities-			
Trade and other receivables	15	1.511.176	1.280.946	Bank borrowings	20	408.860	257.479
Trade receivables from related companies	31	369.532	173.650	Derivative financial instruments	21	25.046	24.868
Tax receivables	25	284.717	140.024	Trade and other payables		433.906	282.347
Other receivables		179.011	113.174	Trade payables to related companies	31	1.668.961	1.791.652
Current financial assets-				Other payables-		277.936	113.261
Derivative financial instruments	21	15.090	812	Tax payables	25	145.661	105.728
Other current financial assets	13	55.389	16.247	Other current liabilities		97.989	129.658
		70.479	17.059			243.650	236.386
Cash and cash equivalents	16	687.086	1.013.156			2.624.453	2.422.646
				Total current liabilities		2.624.453	2.422.646
Total current assets		4.218.106	3.581.676				
TOTAL ASSETS		5.631.449	4.939.111	TOTAL EQUITY AND LIABILITIES		5.631.449	4.939.111

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 36 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2011.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

COMPOSING THE GAMESA GROUP

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED

31 DECEMBER 2011 AND 2010

(Thousands of euros)

	Notes	(Debit) Credit	
		2011	2010 (*)
Continuing operations:			
Revenue	28.a	3.026.616	2.735.645
+/- Changes in inventories of finished goods and work in progress		248.167	153.123
Procurements	28.b	(2.314.784)	(2.002.777)
Other operating income	28.a	120.110	95.917
Staff costs	28.c	(354.751)	(295.116)
Other operating expenses	28.d	(361.062)	(359.112)
Depreciation and amortisation charge and provisions	28.e	(232.863)	(208.674)
PROFIT FROM OPERATIONS		131.433	119.006
Finance income	28.f	14.757	17.703
Finance costs	28.g	(80.886)	(67.318)
Exchange differences (gains and losses)		27.151	(4.673)
Net loss on disposal of non-current assets	13	2.194	(994)
Net impairment losses	10 y 11	(25.000)	(30.414)
Results of companies accounted for using the equity method	11	146	2.052
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		69.795	35.362
Income tax on profit from continuing operations	26	(18.100)	15.307
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		51.695	50.669
PROFIT FOR THE YEAR		51.695	50.669
Attributable to:			
Shareholders of the Parent		51.112	50.192
Non-controlling interests	19	583	477
Earnings per share (in euros)	34		
From continuing operations		0,2094	0,2056

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 36 and the Appendix are an integral part of the consolidated income statement for 2011.

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010**

	Notes	2011	2010 (*)
CONSOLIDATED PROFIT FOR THE YEAR (I)		51,695	50,669
Income and expense recognised directly in equity			
- Arising from cash flow hedges			
- Translation differences	18.c	6,085	(10,772)
- Tax effect		325	11,725
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	18.c	(1,825)	3,909
Transfers to profit or loss		4,585	4,862
- Arising from cash flow hedges	18.c	7,429	9,512
- Tax effect	18.c	(2,450)	(2,838)
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		4,979	6,674
TOTAL COMPREHENSIVE INCOME (I+II+III)		61,259	62,205
a) Attributable to the Parent		60,676	61,728
b) Attributable to non-controlling interests	19	583	477

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 36 and the Appendix are an integral part of the consolidated statement of comprehensive income for 2011.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE GAMESA GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

	Share capital	Share premium	Unrealised asset and liability revaluation reserve	Restricted reserves					Other reserves	Translation differences	Net profit for the year	Non-controlling interests	Total equity
				Legal reserve	Revaluation reserve	Reserve for redemption of capital in euros	Reserve for treasury shares	Treasury shares					
Balances at 1 January 2010 (*)	41,361	155,279	(8,348)	8,272	1,139	-	32,310	(32,310)	-	114,666	5,061	1,575,599	
Total comprehensive income for 2010	-	-	(189)	-	-	-	-	-	-	(114,666)	-	62,205	
Distribution of 2009 profit:	-	-	-	-	-	-	-	-	-	-	-	-	
Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend with a charge to 2009 profit	-	-	-	-	-	-	-	-	-	-	-	-	
Scrip dividend and bonus issue (Note 18-a)	410	-	-	-	(410)	-	-	(1,878)	(9,772)	-	-	(9,772)	
Treasury share transactions (Notes 3-c and 18-e)	-	-	-	-	-	-	1,878	(1,878)	(2,089)	-	-	(2,089)	
2009-2011 incentive plan (Note 18-e)	-	-	-	-	-	-	-	-	3,305	-	-	3,315	
Transactions with non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	(249)	-	-	(606)	
Transactions differences on dividends between Group companies	-	-	-	-	-	-	-	-	3,002	(3,002)	-	-	
Balances at 31 December 2010 (*)	41,771	155,279	(8,537)	8,272	729	1	34,188	(34,188)	1,368,731	50,192	5,048	1,628,702	
Total comprehensive income for 2011	-	-	9,239	-	-	-	-	-	-	51,112	563	61,299	
Distribution of 2010 profit:	-	-	-	-	-	-	-	-	-	(48,521)	-	-	
Other reserves	-	-	-	-	82	-	-	-	48,439	-	-	(1,671)	
Dividend with a charge to 2010 profit	-	-	-	-	-	-	-	-	(2,537)	-	-	(2,537)	
Scrip dividend and bonus issue (Note 18-a)	268	-	-	-	(268)	-	-	-	734	-	-	734	
Treasury share transactions (Notes 3-c and 18-e)	-	-	-	-	-	-	(6,647)	6,647	4,294	-	-	4,329	
Incentive plans (Note 18-e)	-	-	-	-	-	-	-	-	-	-	35	4,329	
Transactions with non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	-	1,282	1,282	
Balances at 31 December 2011	42,039	155,279	702	8,354	461	1	27,541	(27,541)	1,419,661	51,112	6,948	1,692,098	

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 36 and the Appendix are an integral part of the consolidated statement of changes in equity for 2011.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS

FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Thousands of euros)

	Notes	2011	2010 (*)
CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS			
Cash flows from operating activities:			
Profit before tax from continuing operations		69.795	35.362
Adjustments for-			
Depreciation and amortisation charge and provisions and allowances	9,10,22 y 28.e	232.863	208.674
Incentive plan	18.e y 28.c	4.329	3.315
Finance income and costs	28.f y 28.g	38.832	52.236
Net loss on disposal of non-current assets	13	(2.194)	994
Net impairment losses on assets	10 y 11	25.000	30.414
Changes in working capital:			
Change in trade and other receivables		(550.791)	330.303
Change in inventories		(279.859)	(59.411)
Change in trade and other payables		33.709	248.455
Effect on working capital of changes in consolidation method and/or scope		(613)	93
Effect of translation differences on working capital of foreign companies		26.374	4.907
Provisions used for their intended purpose	22	(78.927)	(85.251)
Income taxes paid		(41.397)	(45.948)
Interest received		8.962	14.764
Net cash flows from operating activities (I)		(513.917)	738.907
Cash flows from investing activities:			
Acquisition of subsidiaries, net of existing cash items		(4.386)	(6.795)
Investments in intangible assets	9	(91.690)	(46.911)
Investments in property, plant and equipment	10	(141.905)	(91.874)
Investments in other non-current financial assets	13	(7.079)	(13.608)
Investments in other current financial assets		(2.874)	(10.134)
Effect on financial assets of changes in consolidation method and/or scope		-	(16.250)
Proceeds from disposal of intangible assets and property, plant and equipment		1.752	2.651
Proceeds from disposal of non-financial and financial assets		8.261	2.735
Net cash flows from investing activities (II)		(237.921)	(180.186)
Cash flows from financing activities:			
Equity issue of subsidiaries		1.693	-
New bank borrowings		555.532	302.180
Dividends paid		(4.619)	(10.170)
Interest paid		(72.816)	(51.579)
Cash outflows relating to bank borrowings		(42.274)	(597.057)
Acquisition of treasury shares		734	(2.039)
Net cash flows from financing activities (III)		438.250	(358.665)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)		(11.451)	11.662
Effect of changes on cash and cash equivalents and of transfers to assets classified as held for sale (V)		(1.031)	-
Net increase in cash and cash equivalents from continuing operations (I+II+III+IV+V)		(326.070)	211.718
Cash and cash equivalents from continuing operations at beginning of year		1.013.156	801.438
Total cash and cash equivalents from continuing operations at end of year		687.086	1.013.156

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 36 and the Appendix are an integral part of the consolidated statement of cash flows for 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 36). 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 2011

1. Formation of the Group and its activities

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

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

- 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, through the ownership of shares or other equity investments in companies with an identical or a similar company object. GAMESA may not carry on any business activity for which the applicable legislation provides for specific conditions or limitations unless it fully meets such conditions.

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

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

The GAMESA Group currently operates as a manufacturing group and principal supplier of cutting-edge products, facilities and services in the renewable energy industry, structured in the following business units headed by the respective Group companies:

Company	Main line of business
Gamesa Eólica, S.L. (Sole-Shareholder Company)	Manufacture of wind generators (WTGSs)
Gamesa Energía, S.A. (Sole-Shareholder Company)	Development, promotion and sale of wind farms

Information on the environment-

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

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

a) Basis of presentation-

The consolidated financial statements for 2011 of the GAMESA Group were formally prepared:

- By the directors of GAMESA, at the Board of Directors Meeting held on 22 February 2012.
- Since 2005, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value through profit and loss. The principal accounting policies and measurement bases applied in preparing the GAMESA Group's consolidated financial statements for 2011 are summarised in Note 3.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements.
- So that they present fairly the consolidated equity and consolidated financial position of the GAMESA Group at 31 December 2011, and the consolidated results of its operations and its consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by GAMESA and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2011 (IFRSs) could differ from those used by the Group companies when preparing their individual financial statements in accordance with local standards, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards (IFRS).
- The consolidated annual accounts have been prepared on the basis of the Gamesa Corporación Tecnológica, S.A. and Subsidiaries accounting records and are presented in compliance with current Spanish Company Law and International Financial Reporting Standards (IFRS).

The consolidated financial statements of the GAMESA Group for 2010 were approved by the shareholders at the Annual General Meeting of GAMESA held on 25 May 2011 and were filed at the Vizcaya Mercantile Registry. The Group's 2011 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 (IFRS)-

Standards and interpretations in force in 2011

Revision of IAS 24, Related Party Disclosures

The revised IAS 24 provides a partial exemption from certain disclosure requirements when the transactions are between government-related entities (or entities related to an equivalent government institution) and revises the scope applicable to the disclosure requirements through the inclusion in the definition of "related party" of certain relationships between joint ventures and associates of the same entity which were not explicit in the previous version of the standard.

The impact of this amendment has been analysed and it does not result in any change in the related parties or in the information currently defined by the Group.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting by a debtor when all or part of a financial liability is extinguished through the issue of equity instruments to the creditor. The interpretation does not apply to transactions in situations where the counterparties in question are shareholders or related parties, acting in their capacity as such, or where extinguishing the financial liability by issuing equity shares is in accordance with the original terms of the financial liability. In all other cases, the equity instruments issued are measured at fair value at the date the liability is extinguished and any difference between this value and the carrying amount of the liability is recognised in profit or loss.

This interpretation has not given rise to a change in the Group's accounting policies since in similar transactions in the past it applied accounting policies in line with the new interpretation.

IFRS 3 - "Business combinations"-

Mainly clarifies the following point: The option to measure non-controlling shareholdings at fair value or proportionally in accordance with the net assets of the acquired company is only applicable to instruments that represent stakes in current ownership and grant holders the right to proportionally participate in the distribution of net assets in the event of liquidation. The rest of the components of the non-controlling stake are measured at fair value, unless another basis of measurement is required by IFRS.

This interpretation has not given rise to any change in the Group's accounting policies.

IFRS 7 – "Financial Instruments: Disclosures".

The amendments include clarifications relating to disclosures regarding financial instruments, emphasising the interaction between quantitative and qualitative disclosures of the nature and scope of the risk associated with financial instruments.

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

IAS 27 "Consolidated and separate financial statements"-

Clarifies that the following amendments to IAS 21 "Effects of changes in foreign currency exchange rates", IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures" resulting from the

revision of IAS 27 in 2008 must be applied on a prospective basis.

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

Also, the following standards and interpretations were applied in these consolidated financial statements and had no material effect on either the accounting policies or on the presentation and of the consolidated financial statements or disclosures therein:

- IAS 32 (Revised), "Classification of the issue of rights".
- IFRIC 14 - "Prepayments of a minimum funding requirement".
- IAS 34 (2010 improvement project) – Interim financial reporting.
- IAS 1 (2010 improvement project) – Presentation of financial statements.

Note 35 provides a detail of the most significant standards, amendments to standards and interpretations published by the IASB (International Accounting Standards Board) which at 31 December 2011 had not yet come into force.

c) *Functional and presentation currency-*

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

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

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 2010-*

As required by IAS 1, the information relating to 2011 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2010 and, accordingly, it does not constitute the GAMESA Group's statutory consolidated financial statements for 2010.

f) *Basis of consolidation-*

Subsidiaries

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

Subsidiaries are all entities (including special-purpose companies) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. When assessing whether the Group controls a company, the existence and effects of potential voting rights which may be currently exercised or converted are taken into account. The Group also evaluates the existence of control when it does not hold more than 50% of the voting rights but it is capable of directing the financial and operating policies through de facto control.

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

Joint Ventures

The multi-group companies that GAMESA Group manages together with other companies have been consolidated using the proportional method, in accordance with which the assets, liabilities, expenses and revenues for these companies are consolidated based on the stake held in them by GAMESA Group and are presented in the consolidated balance sheet and consolidated income statement in accordance with their specific nature. However, GAMESA Group has analysed the impact that the entry into force of IFRS 11 "Joint Arrangements" would have as the joint ventures would be consolidated using the equity method (Note 35).

Associated companies

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

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

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

- The Group is considered to be carrying out a business combination when the assets acquired and liabilities assumed constitute a business. The Group accounts for each business combination by applying the acquisition method, which entails identifying the acquirer, determining the acquisition date -which is the date on which control is obtained- and cost of acquisition, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree and, lastly, recognising and measuring goodwill or a gain from a bargain purchase.
- Goodwill arising as described in the preceding paragraph has not been amortised since 1 January 2004, the date of transition to IFRSs, although it is reviewed for impairment at least once a year (see Note 8).
- Goodwill is initially stated as the excess over the total compensation paid and the fair value of the non-controlling shareholding, if any, over the identifiable net assets acquired and the liabilities assumed. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.
- Identifiable assets acquired and liabilities assumed are initially valued at their fair value at the acquisition date.
- At the date each business combination is acquired the buyer will measure the components of non-controlling shareholdings held by the acquiree that constitute current ownership and grant the holder the right to a proportional part of the company's net assets in the event of liquidation, at:
 - (a) fair value, or
 - (b) the proportional part that the current ownership instruments that represent in the amounts recognised by the acquiree as net identifiable assets.

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

- The value of non-controlling shareholdings in the equity and results of the fully consolidated subsidiaries and of the subsidiaries of proportionately consolidated jointly controlled entities is presented under "Equity - Of Non-Controlling Interests" in the consolidated balance sheet and "Profit for the Year - Attributable to Non-Controlling Interests" in the consolidated income statement.
- Any contingent compensation to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent compensation that is considered to be an asset or a liability are recognised in the income statement or a change in other comprehensive results in accordance with IAS 39. Contingent compensation that is classified as equity is not remeasured and subsequent payment is recorded under equity.
- Acquisitions-related costs are recognised as expenses in the year in which they are incurred and, therefore, are not considered to be an increase in the cost of the combination.
- In business combinations achieved in stages, the acquirer remeasures its previously held equity interest in the acquire at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss.
- Purchases and sales of non-controlling interests in companies that are and continue to be subsidiaries both prior and subsequent to the aforementioned transactions are considered to be transactions between shareholders and, therefore, the payments made will be recognised in the Group's consolidated equity (see Note 19).
- When the Group loses control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the investments retained in the aforementioned company are measured at their fair value at the date when control is lost and any gain or loss is recognised in profit or loss.
- The financial statements of foreign companies were translated to euro using the year-end exchange rate method. This method consists of translating to euro 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. Gains that arise on intra-group transactions that are recognised as assets are also eliminated (including transactions with associated companies).
- The result of accounting for ownership interests using the equity method (after eliminating results on intra-Group transactions) is reflected under "Equity - Of the Parent – Other Reserves" and "Results of Companies Accounted for Using the Equity Method" in the accompanying consolidated balance sheet and consolidated income statement, respectively. The equity method consists of initially recognising the investment at cost and subsequently adjusting it, based on the changes in the portion of the entity's net assets that corresponds to the investor, recognising in the investor's profit or loss the corresponding portion of the investee's result for the year (see Note 11).

g) Changes in the scope of consolidation-

The most significant inclusions in the scope of consolidation in 2011 and 2010 were as follows:

Incorporation of new companies

The detail of the main companies incorporated in 2011 is as follows:

Incorporated company	Incorporating company	Interest held by the Group
Eólica San Bartolomé, S.L. (Sole-Shareholder Company)	Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen simplificado, S.A. (Sole-Shareholder Company)	100%
Jiloca Promociones Eólicas, S.L. (Sole-Shareholder Company)	Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen simplificado, S.A. (Sole-Shareholder Company)	100%
El Royal Energías Renovables, S.L. (Sole-Shareholder Company)	Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen simplificado, S.A. (Sole-Shareholder Company)	100%
Gamesa Cyprus Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Energy Sweden AB	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
International Wind Farm Development IV S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
International Wind Farm Development VI S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
International Wind Farm Development VII S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa New Zeland Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Ger Cerbal S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Independenta S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Jirlau S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Ludus S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Ponor S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Pribeagu S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Bordusani S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Ger Baraganu S.R.L.	Gamesa Energía S.A. (Sole-Shareholder Company) (*)	100%
Osiek Sp. Z o.o.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Dzialdowo Sp. Z o.o.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Eólica Dos Arbolitos, S.A.P.I. de C.V.	Gamesa Energía, S.A. (Sole-Shareholder Company)	87.5%
Gamesa Azerbaijan LLC	Gamesa Eólica, S.L. (Sole-Shareholder Company) (**)	100%
Gamesa Chile SpA	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Dominicana, S.A.S.	Gamesa Eólica, S.L. (Sole-Shareholder Company) (**)	100%
Gamesa Australia PTY, LTD	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Eólica Zopiloapan, S.A.P.I. de CV	Gamesa Energía, S.A. (Sole-Shareholder Company)	87.50%
Eólica el Retiro, S.A.P.I. de CV	Gamesa Energía, S.A. (Sole-Shareholder Company)	87.50%
Wind Portfolio Holding, LLC	Gamesa Energy USA, LLC	100%
Wind Portfolio Sponsorco, LLC	Gamesa Energy USA, LLC	100%
Energiaki Maristi (MEPE), S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa Wind South Africa PTY, LTD	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%

(*) Gamesa Energía S.A. holds 95% of the share capital of this Company, while Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen simplificado, S.A. (Sole-Shareholder Company) hold the remaining 5%.

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

At the end of 2011 the incorporated companies are fully consolidated.

The detail of the main companies incorporated in 2010 is as follows:

Incorporated company	Incorporating company	Interest held by the Group
Jiling Gamesa Wind Co., Ltd	Gamesa Wind Tianjng Co., Ltd	100%
Inner Mongolia Gamesa Wind Co., Ltd.	Gamesa Wind Tianjng Co., Ltd	100%
Gamesa Canadá ULC	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Luxemburgo	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Estonia OÜ	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Energía Galicia S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa Ireland Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Energiaki Arvanikos EPE	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gesa Energia S.L. de C.V.	Gamesa Energía, S.A. (Sole-Shareholder Company)	99%
Sistema Eléctrico de Conexión Montes Orientales, S.L	Gamesa Energía, S.A. (Sole-Shareholder Company)	83.29%
Gamesa Wind Energy Services, Ltd	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Eolica Costa Rica, S.R.L.	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Sistemes Energètics Passanant, S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa Wind Sweden AB	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gesacisa Desarrolladora SA de CV	Gamesa Energía, S.A. (Sole-Shareholder Company)	85%

Incorporated company	Incorporating company	Interest held by the Group
Gamesa Energía Zaragoza, S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa Energía Teruel, S.L., (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Sistemas Energéticos El Olivar, S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Sistemas Energéticos Boyal, S.L. (Sole-Shareholder Company)	Gamesa Energía, S.A. (Sole-Shareholder Company)	59.98%
Stipa Nayaa, Sociedad de Capital Variable	Gamesa Energía, S.A. (Sole-Shareholder Company)	85%
Coemga Renovables, S.L.	GERR, Grupo Energético 21, S.A.	75.02%
Coemga Renovables 1, S.L.	GERR, Grupo Energético 21, S.A.	75.02%
Sistemas Energéticos El Valle, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Sistemas Energéticos La Cámara, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Gamesa Wind UK Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Lanka Private Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
Gamesa Singapore Private Limited	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
GESA Eólica Honduras, S.A	Gamesa Eólica, S.L. (Sole-Shareholder Company) (*)	100%
Gamesa Eólica VE, C.A.	Gamesa Eólica, S.L. (Sole-Shareholder Company) (*)	100%
RSR Power Private Limited	Gamesa Wind Turbines Pvt. Ltd.	75%

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

Acquisition of new companies

2011

In 2011 the following significant acquisitions were made:

Company acquired	Acquiring company	Interest held by the Group
GM Navarra Wind Energy Private Limited	Gamesa Wind Turbines Private, Ltd	100%
Elecdey Barchín, S.A., Universal	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Lingbo SPW AB	Gamesa Energía, S.A. (Sole-Shareholder Company)	80%
Innovación Eólica de Salamanca, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	78%
Kintech Santalpur Windpark Private Limited	Gamesa Wind Turbines Pvt. Ltd.	49.02%
New Broadband Network Solutions, S.L.	Gamesa Corporación Tecnológica, S.A.	18.81%

The acquired companies are consolidated using the full consolidation method, except for Kintech Santalpur Windpark Private Limited which are consolidated using the proportional method and New Broadband Network Solutions, S.L. which is consolidated using the equity method (Note 11).

The compensation transferred including, if appropriate, the contingent compensation to be transferred by all companies acquired in 2011 totals EUR 4,996 thousand.

The effect of these changes in the scope of consolidation in 2011 on the consolidated revenue and profit for 2011 was not significant.

If the acquisitions had taken place on 1 January 2011, the Group's revenues would not have been affected in any significant way.

The companies consolidated using the full consolidation method over which GAMESA exercises control have been recognized using the acquisition. The following table summarizes the fair values of the acquired assets, the liabilities assumed and non-controlling shareholdings held by these companies at the acquisition date:

	Thousands of euros		
	Carrying amount at the date of acquisition	Fair value adjustments (Note 3.c).	Fair value
Net assets acquired:			
Inventories	3,200	3,188	6,388
Cash	14	-	14
Other current assets	2,083	-	2,083
Total assets	5,297	3,188	8,485
Deferred tax liability	-	729	729
Trade and other payables	4,709	-	4,709
Total liabilities	4,709	729	5,438
Non-controlling shareholdings	51	-	51
Total acquisition cost	537	2,459	2,996

In the event that the company Innovación Eólica de Salamanca, S.L. attains certain milestones, the Group will have to pay additional compensation in cash up to a maximum amount of EUR 624 thousand. At 31 December 2011 the Group estimates that the amount of the compensation will reach the maximum amount and a liability totalling EUR 624 thousand was recognized at 31 December 2011.

2010

In 2010 the following significant acquisitions took place:

- On 7 October and 10 December 2010, GAMESA acquired 1,802,140 and 766,667 shares of the US companies Worldwater & Solar Technologies Inc. and Skybuilt Power Inc., respectively, corresponding to 25% and 28.75% of their total share capital, for total amounts of EUR 2,243 thousand and EUR 4,303 thousand, respectively.

Both amounts, corresponding to the percentages of the fair value of the net assets acquired, were recognised under "Investments Accounted for Using the Equity Method" in the consolidated balance sheet (see Note 11).

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

- On 19 October 2010, the GAMESA Group, through the Group company Gamesa Energía, S.A. (Sole-Shareholder Company) acquired 50% of the share capital of two Mexican wind farm development companies belonging to the Mexican corporate group Eolia, called Eoliotec del Istmo, S.A.P.I. de C.V. and Eoliotec del Pacífico, S.A.P.I. de C.V. The amount paid in the acquisition plus the costs directly attributable to the combination totalled MXN 9,990 thousand (approximately EUR 607 thousand). Also, the GAMESA Group acquired and subrogated to the proportionate part of the credit facilities amounting to EUR 3,139 thousand and USD 6,592 thousand granted by Eolia to the aforementioned companies arising from inter-company loan agreements.

On acquisition neither company held cash or cash equivalents.

The main object of the agreement entered into was the development, construction, WTGS supply, start-up and operation of wind farms by GAMESA (with estimated total capacity of approximately 325 MW) under a project finance arrangement. In this regard, successful completion of the agreement was conditional upon the ultimate arrangement of the aforementioned bank financing, establishing deadlines of 31 December 2012 for Eoliotec del Istmo, S.A.P.I. de C.V. and 30 September 2013 for Eoliotec del Pacífico, S.A.P.I. de C.V. Non-fulfilment of this condition would not give rise to any grounds for claims or indemnities between the parties.

Lastly, pursuant to the agreement entered into, the GAMESA Group and Eolia granted, for no consideration, cross options on GAMESA's interest in the two companies. The call option granted by the GAMESA Group could be exercised up to 30 months after the signing of the Provisional Acceptance Certificate ("PAC") of the two companies and would be equal to the amount of the contributions made by GAMESA to these companies, net of any returns that might have been made. The put option granted by Eolia could be exercised up to one year following the signing of the PAC and would also be determined on the basis of the net contributions made by GAMESA to these companies.

The transaction was accounted for by applying the acquisition method as follows:

	Thousands of euros		
	Carrying amount at the date of acquisition	Fair value adjustments (Note 3.c).	Fair value
Net assets acquired:			
Property, plant and equipment	19,213	1,500	20,713
Current assets	5,104	-	5,104
Bank borrowings	(13,588)	-	(13,588)
Trade and other payables	(11,622)	-	(11,622)
Total acquisition cost	(893)	1,500	607

GAMESA's directors consider that any excess of the cost of this business combination over the corresponding underlying carrying amounts acquired is allocable to specific assets and liabilities of the acquires. Consequently, as described in Note 3-c, the GAMESA Group increased the carrying amount of the property, plant and equipment of the acquired companies, since the fair value of these assets was higher than the carrying amount at which they had been recognised in the consolidated balance sheet.

The effect of this change in the scope of consolidation in 2010 on the consolidated revenue and profit for 2010 was scanty material, since the business combination was effected in October 2010.

Had this business combination been effected on 1 January 2010, it would have reduced the consolidated profit for 2010 by approximately EUR 516 thousand. Consolidated revenue would not have changed.

At the end of 2010 the companies acquired were included in the Generation segment (see Note 7) and were proportionately consolidated.

Exclusions from the scope of consolidation

2011

In 2011 the most significant exclusions from the scope of consolidation of the GAMESA Group were as follows:

Company	Activity	Registered address	%
Sistemas Energéticos Almodóvar del Río, S.L.	Energy production from photovoltaic sources	Vizcaya	100%
Eoliatec del Istmo Sapi de CV	Wind farm operation	Mexico	50%
Eoliatec del Pacífico Sapi de CV	Wind farm operation	Mexico	50%
Windfarm Wanlo/ Mönchengladbach GmbH	Wind farm operation	Germany	100%
Energiaki Polimilou, S.A.	Wind farm operation	Greece	100%
Sistemas Energéticos Alto do Seixal, S.A. (Sole-Shareholder Company)	Wind farm operation	Vizcaya	100%
SAS SEPE de la Nelausa	Wind farm operation	France	100%
SAS SEPE D'Aussac Vadalle	Wind farm operation	France	100%
Windfarm Hiddels II / Ellenserdamm GmbH	Wind farm operation	Germany	100%
Windfarm Riedener Berg GmbH	Wind farm operation	Germany	100%
Chestnut Flats Wind, LLC	Wind farm operation	United States	100%
Sistemas Energetics Conesa I, S.L. (Sole-Shareholder Company)	Wind farm operation	Vizcaya	100%

- On 9 April 2011 the Group sold its stake in the companies Eoliatec del Istmo Sapi de CV and Eoliatec del Pacífico Sapi de CV, as Eolia exercised its call option for 50% of the shares in those companies and Eolia subrogated to the proportional part of the credit rights granted by GAMESA to those companies deriving from the inter-company loan agreements covering amounts totaling EUR 3,882 thousand and EUR 5,022 thousand, respectively.

Accordingly, since that date the cross options that GAMESA and Eolia had granted were cancelled

The capital gains obtained on the sale of these shareholdings totalled EUR 54 thousand and EUR 35 thousand, respectively

- 30 December 2011 Agreement Was Reached to Sell the Stake Held in the Company Sistemas Energéticos Almodóvar del Río, S.L. (Sole-Shareholder Company), in which Gamesa Group held an interest through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company). The amount of the consideration to be received by the Group totals approximately EUR 58 million. This amount is net of the adaptation expenses that are necessary as a result of the entry into force of RD 1565/2010 (19 November) estimated by the Company to total approximately EUR 3 million. This consideration may be adjusted by the definitive results of the due diligence in progress.

At 31 December 2011 the total amount of this transaction is outstanding and is recognized under the heading "Other receivables" in the consolidated balance sheet at that date. If the total price is not received on or before 9 March 2012 the purchase agreement will automatically terminate (termination condition) and be null and void. The Group believes that the price will be received within the est. deadline. In any event, the hypothetical termination of the agreement would not have any impact whatsoever on consolidated equity or on the Group's total assets.

Gamesa recorded a profit on the transaction totaling EUR 3.1 million (recognized in the heading "Results on the disposal of non-current assets" in the consolidated income statement for 2011). Among other things, the transaction has given rise to an elimination of property, plant and equipment for a net amount of EUR 66,859 thousand and a provision for property, plant and equipment totaling EUR 12,500 thousand (Note 10).

- The other exclusions from the scope of consolidation relate to wind farms that were disposed of in 2011 whose net assets are classified as inventories and, therefore, the sale thereof, as indicated in Note 3-a, is recognised under "Revenue" in the accompanying consolidated income statement for 2011, for an amount equal to the sum of the price of the shares of the wind farms plus the amount of the net debt relating to the farms.

2010

In 2010 the most significant exclusions from the scope of consolidation of the GAMESA Group were as follows:

Company	Activity	Registered address	%
Sistemas Energéticos La Estrada, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos La Retuerta, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Las Cabezas, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos La Tallisca, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos El Centenar, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Majal Alto, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Valdefuentes, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos El Saucito, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Mesa De Ocaña, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos De La Camorra, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Pontenova, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Mondoñedo Pastoriza, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Parco Eólico San Francesco S.R.L.	Wind farm operation	Italia	100%
Anqiu Taipingshan Wind Power Co. Ltd.	Wind farm operation	China	90%
Yishui Tangwangshan Wind Power Co. Ltd.	Wind farm operation	China	100%
Jianping Shiyingzi Wind Power Co. Ltd.	Wind farm operation	China	100%
Wendeng Zhangjiachan Wind Power Co. Ltd.	Wind farm operation	China	100%
Windfarm 36 GmbH	Wind farm operation	Germany	100%
EBV WP Nr 28 GmbH & Co.KG	Wind farm operation	Germany	100%
Blitzstart GmbH	Wind farm operation	Germany	100%
Kristall 31 GmbH	Wind farm operation	Germany	100%
Magnet 131 VV GmbH	Wind farm operation	Germany	100%
Piecki Sp. Zoo	Wind farm operation	Poland	100%
Societe d'exploitation parc éolien de la Bouleste	Wind farm operation	France	100%
BII NEE Stipa Energía Eólica	Wind farm operation	Mexico	74.82%
Sistemas Energetics Conesa II, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energetics Savalla Del Comtat, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Los Lirios, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%
Sistemas Energéticos Alto del Abad, S.A. (Sole-Shareholder Company)	Wind farm operation	Spain	100%

The Chinese companies Anqiu Taipingshan Wind Power Co. Yishui Tangwangshan Wind Power Co., Ltd. Jianping Shiyingzi Wind Power Co. Ltd. and Wendeng Zhangjiachan Wind Power Co. Ltd. were incorporated by GAMESA in 2009. In 2010 these companies increased share capital. GAMESA did not subscribe the aforementioned capital increases, thereby reducing its ownership interests to between 25% and 40% and classifying them under "Non-Current Financial Assets - Investment Securities" on the asset side of the accompanying consolidated balance sheet at 31 December 2010, since GAMESA's directors considered that significant influence over these companies did not exist as there was no power to participate in their financial and operating policy decisions (see Note 11).

The other companies related to wind farms that were disposed of in 2010 whose net assets were classified as inventories and, therefore, the sale thereof, as indicated in Note 3-a, is recognised under "Revenue" in the accompanying consolidated income statement for 2010, for an amount equal to the sum of the price of the shares of the wind farms plus the amount of the net debt relating to the farms.

Changes in the shareholdings of subsidiaries

- On 14 March 2011, GAMESA acquired 2.5% of Gesacisa Desarrolladora S.A. de C.V., thereby raising its stake in that company to 87.5% through Gamesa Energía, S.A. (Sole-Shareholder Company). This Mexican company engages in the promotion of wind farms and was incorporated on 26 August 2010. The acquisition represented an increase in the investment totaling EUR 1 thousand.
- On 14 March 2011, GAMESA acquired 2.5% of Stipa Nayaa, Sociedad de Capital Variable, thereby raising its stake in that company to 87.5% through Gamesa Energía, S.A. (Sole-Shareholder Company). This Mexican company engages in the operation of wind farms and was incorporated on 26 November 2010. The acquisition represented an increase in the investment totaling EUR 1 thousand.

Other corporate transactions

2011

In 2011 there were no changes in the methods used to consolidate the companies which form part of the GAMESA Group.

Also, in 2011 the following significant corporate transaction took place:

- On 29 December 2011 a merger took place through which SS.EE. Quiñonera, S.A. and SS.EE. Sierra del Costanazo, S.A. were merged into SSEE La Jimena, S.A. The shareholders of the three companies involved in all cases were Gamesa Energía, SA (Sole-Shareholder Company) with 60% of the shares and Eólica Navarra, SL (Sole-Shareholder Company), and therefore the only change in GAMESA Group was the concentration of the shareholdings of two companies into a single third company.

2010

In 2010 the following significant corporate transactions took place:

- On 5 November 2010, Made Tecnologías Renovables, S.A. (Sole-Shareholder Company) was merged by absorption into Gamesa Eólica, S.L. (Sole-Shareholder Company), which acquired all its assets and liabilities by universal succession (see Note 8).

- The following companies were liquidated:

Company
Eoenergy II, S.A. (Sole-Shareholder Company)
Eoenergy III, S.A. (Sole-Shareholder Company)
Gamesa Luxemburgo
Equipos de Eficiencia Energética, S.L.

3. Accounting principles and policies and measurement bases applied

a) Revenue recognition-

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

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

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

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

Dividend income from investments 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 sale 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 WTGSs.

In the case of the manufacture and assembly of WGTSSs for third parties outside the GAMESA Group, the stage of completion is measured by reference to economic criteria, calculating the proportion that contract costs incurred until the end of the reporting period bear to the estimated total contract costs to be incurred until contract completion.

The GAMESA Group recognises the total cost incurred plus the relevant margin in excess of that corresponding to the related stage of completion under "Trade and Other Receivables" and "Trade Receivables from Related Companies" in the consolidated balance sheet with a credit to "Revenue" in the consolidated income statement. Also, the costs incurred in the manufacture of WGTSSs 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 excess of the cost of acquisition of the fully and proportionately consolidated subsidiaries over the Group's interest in the fair value of the net assets of those companies at the date of acquisition. Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euro 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.f).

d) Other intangible assets-

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

Internally generated intangible assets - Development expenditure

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

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

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

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

In-house work performed by the GAMESA Group on intangible assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of the hourly costs of the employees engaged therein), and is recognised with a credit to the account "Other Operating Income - Group Work on Non-Current Assets" in the consolidated income statement (see Note 28-a).

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 in general 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 between five and seven years (see Note 9). The production unit method of depreciation is used when the financial reality shows that this method most reliably reflects the expected pattern of consumption of the future financial benefits deriving from the asset. This is the case for the wind turbine G10x model project.

Concessions, patents, licences, trademarks and similar

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

Software

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

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

e) Property, plant and equipment-

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

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

In-house work performed by the GAMESA Group on property, plant and equipment assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of the hourly costs of the employees engaged therein), and is recognised with a credit to the account "Other Operating Income - Group Work on Non-Current Assets" in the consolidated income statement (see Note 28.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 property, plant and equipment	3 – 10

Since the GAMESA Group does not have to incur any significant costs in relation to the closure of its facilities, the accompanying consolidated balance sheet does not include any provisions in this connection.

f) Asset impairment-

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

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

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

The discount rates used by the GAMESA Group are based on the weighted average cost of capital (WACC), which is between 9% and 11% (2010: between 8% and 11%), depending on the risks associated with each specific asset (see Note 8).

The future cash flows result from projections prepared by the GAMESA Group for the cash generating units, for a period of five years (which use assumptions on changes in selling prices, costs and volume based on experience and future expectations in accordance with the approved strategic plan in force) and the consideration of a residual value calculated using a growth rate between zero and 1.5%, depending on the specific asset.

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

g) Inventories-

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

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

Raw materials and supplies, work in progress and finished goods are stated at the lower of average acquisition or production cost and 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, purchase option or similar agreements, and none is any foreseen, the non-current assets assigned thereto are transferred from "Inventories" to "Property, Plant and Equipment - Property, Plant and Equipment in Use" in the consolidated balance sheet.

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

h) Financial assets and liabilities-

Financial assets

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

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

- Financial assets at fair value through profit or loss. These assets have certain of the following characteristics:
 - The GAMESA Group intends to generate a profit from short-term fluctuations in their prices.
 - They have been included in this asset category since initial recognition, since they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
 - Derivative financial instruments that do not qualify for hedge accounting.

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

The GAMESA Group 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 2011 and 2010, the impact of these financial instruments on the accompanying consolidated financial statements is not material (see Note 20).

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

At 31 December 2011 and 2010, the GAMESA Group did not have any financial assets in this category.

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

However, investments in the share capital of unlisted companies whose fair value cannot be measured reliably are measured at acquisition cost. This procedure was used for all the available-for-sale financial assets at 31 December 2011 and 2010 (see Note 12).

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

Category of financial assets at fair value

Following is an the analysis of the financial instruments which at 31 December 2011 and 2010 were measured at fair value subsequent to their initial recognition, classified in categories 1 to 3, depending on the fair value measurement method:

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

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

	Fair value at 31 December 2011			
	Thousands of euros			
	Category 1	Category 2	Category 3	Total
Non-current financial assets				
Derivative financial instruments (Note 21)	-	28	-	28
Current financial assets				
Derivative financial instruments (Note 21)	-	15,090	-	15,090
Non-current liabilities				
Derivative financial instruments (Note 21)	-	(4,343)	-	(4,343)
Current liabilities				
Derivative financial instruments (Note 21)	-	(25,046)	-	(25,046)
	-	(14,271)	-	(14,271)

	Fair value at 31 December 2010			
	Thousands of euros			
	Category 1	Category 2	Category 3	Total
Current financial assets				
Derivative financial instruments (Note 21)	-	812	-	812
Non-current liabilities				
Derivative financial instruments (Note 21)	-	(5,311)	-	(5,311)
Current liabilities				
Derivative financial instruments (Note 21)	-	(24,868)	-	(24,868)
	-	(29,367)	-	(29,367)

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.

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Bank borrowings:

Loans, bonds and similar interest-bearing items are initially recognised at the amount received, net of direct issue costs, under “Bank Borrowings” in the consolidated balance sheet. Borrowing costs are recognised on an accrual basis in the consolidated income statement using the effective interest method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Also, obligations under finance leases are recognised at the present value of the lease payments under this consolidated balance sheet heading (see Note 20).

Trade creditors

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

Derivative financial instruments and hedge accounting (see Note 21)

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

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

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

Financial liabilities and equity instruments

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

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

Disposal of financial instruments

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

The Group derecognises the collection rights assigned (factored) and drawn down, since the rewards, rights and risks associated with these accounts receivable are contractually transferred to the factor, and, specifically, the factor assumes the related bad debt risk. The unmatured balances receivable arising from without-recourse factoring transactions at 31 December 2011 that were derecognised by the Group, amounted to EUR 415 million (31 December 2010: EUR 743 million). The average amount of factored receivables in 2011 was EUR 281 million (2010: EUR 414 million).

An exchange of debt instruments between a lender and borrower, provided that the instruments have substantially different conditions, will be recognized as the cancellation of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the current conditions governing a financial liability or a portion thereof (regardless of whether or not it is attributable to financial difficulties affecting the debtor) is recognised as a cancellation of the original financial liability and a new financial liability is recognised (Note 20).

i) 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. Also, non-current assets are not depreciated while they are classified as held for sale.

At 31 December 2011 and 2010, the GAMESA Group did not have any assets or disposal groups classified as held for sale.

A discontinued operation is a business that has been sold or otherwise disposed of, 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. In 2011 and 2010 no lines of business were discontinued.

j) Leases-

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

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

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

k) Segment reporting-

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

l) Transactions denominated in foreign currencies

l.1. Group companies

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

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

l.2. Transactions and balances-

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

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

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 held by the GAMESA Group at 31 December 2011 and 2010 is as follows:

Currency	Equivalent value in thousands of euro			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Pound sterling	-	926	55	312
US dollar	157,560	499,164	345,058	126,574
Japanese yen	495	818	162	31
Egyptian pounds	13,550	2,896	13,181	495
Chinese yuan	104,450	158,684	164,779	55,070
Polish zlotys	11,434	38,266	6,616	12,152
Indian rupees	38,052	161,616	41,366	86,176
Other currencies	80,850	22,764	28,976	28,053
Total	406,391	885,134	600,193	308,863

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

Nature of the balances	Equivalent value in thousands of euro			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Trade receivables (Note 15):	242,686	-	177,554	-
Cash and cash equivalents (Note 16)	163,705	-	422,639	-
payable	-	470,959	-	135,978
Bank borrowings (Note 20)	-	414,175	-	172,885
Total	406,391	885,134	600,193	308,863

m) Government grants-

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

Grants related to income are allocated to income in the year in which the related expenses are incurred. "Other Operating Income" in the consolidated income statements for 2011 and 2010 includes EUR 539 thousand and EUR 163 thousand, respectively, in this connection (see Note 28.a).

n) Classification of current and non-current liabilities-

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

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

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

ñ) Income tax-

Since 2002 GAMESA and certain subsidiaries located in the Basque Country subject to Álava corporation tax legislation have filed income tax returns under the special consolidated tax regime. Since 2010, as a result of the change of the tax group's parent company registered office (see Note 1), the application of this regime to the companies concerned has been governed by Vizcaya Corporation Tax Regulation 3/1996, of 26 July.

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

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

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

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

The GAMESA Group recognises deferred tax assets to the extent that it is expected that there will be future taxable profits against which tax assets arising from temporary differences can be utilised (see Note 24).

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

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

o) Treasury shares of the Parent-

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

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

p) Provisions-

A distinction is drawn between:

- Provisions: present obligations at the balance sheet date arising from past events which are uncertain as to their amount and/or timing.
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are not recognised in the consolidated financial statements but rather are disclosed, except for those which arise in business combinations (see Notes 2-g and 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 (see Note 22).

Court proceedings and/or claims in progress

At 31 December 2011, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its directors consider that the provisions recognised for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the consolidated financial statements for the years in which they are settled (see Note 22).

At 31 December 2011 and 2010, there were no significant contingent liabilities or provisions that had not been recognised or disclosed in these consolidated financial statements.

q) 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 2011 and 2010 includes EUR 3,476 thousand and EUR 1,496 thousand, respectively, relating to termination benefits (see Note 28.c).

The GAMESA Group has not taken any decision under which any significant dismissals or terminations will arise in the future and, accordingly, no provision was recorded in this connection in the accompanying consolidated balance sheet at 31 December 2011.

r) Share-based payments-

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

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

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

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

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 statement of cash flows with the meanings specified:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the GAMESA Group companies and other activities that are not investing or financing activities.
- Investing activities. The acquisition 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.

There have been no significant monetary transactions in 2011 and 2010.

t) Earnings per share-

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

Diluted earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For 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 2011 and 2010 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (see Note 34).

u) Dividends-

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

v) Interest costs-

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

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

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

4. Financial risk management policy

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. Part of its revenues and its expenses are denominated in US dollars, Indian rupees, Chinese yuan and, to a lesser extent, other currencies apart from the euro. Therefore, to the extent that GAMESA Group does not use financial instruments or other hedging strategies to hedge its net exposure to current and future foreign currency risk, its earnings could be affected by fluctuations in the corresponding exchange rates.

In order to manage and minimise this risk, 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's risk management policy is to cover around 25% of projected cash flows (mainly exports and purchases of inventory) in each principal currency in the following 12 months.

The main foreign currency balances at 31 December 2011 and 2010 are detailed in Note 3.1 to the accompanying notes to the consolidated financial statements.

The instruments used to hedge against this risk are basically exchange rate swaps (see Note 21).

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

		Thousands of euros – Debit / (Credit) (*)			
		5% devaluation of the euro		5% appreciation of the euro	
Currency	Exchange rate at 31.12.11	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
US dollar	1.2939	(505)	2,582	505	(2,582)
Chinese yuan	8.1588	604	(8,553)	(604)	8,553
Indian rupees	68, 6625	8	(3,958)	(8)	3,958

		Thousands of euros – Debit / (Credit) (*)			
		5% devaluation of the euro		5% appreciation of the euro	
Currency	Exchange rate at 31 December 2010	Impact on profits before taxes	Impact on equity before tax	Impact on profits before taxes	Impact on equity before taxes
US dollar	1.3362	6,946	(1,453)	(6,389)	1,597
Chinese yuan	8.8220	2,636	5,444	(2,507)	(5,573)

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

b) Market risk (price)-

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

c) Market risk (interest rate)-

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

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

The hedging instruments assigned specifically to debt instruments are limited to a maximum of the same nominal amounts and have the same established maturities as the hedged items (see Note 21).

The debt structure at 31 December 2011 and 2010, drawing a distinction between fixed and floating rate borrowings (see Note 20), is as follows:

	Thousands of euros			
	2011		2010	
	Excluding hedges	Including hedges	Excluding hedges	Including hedges
Fixed rate	-	574,394	-	460,000
Floating rate	1,349,651	775,257	814,204	354,204

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

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

	Thousands of euros – Debit / (Credit) (*)			
	Change in the interest rate -0.25% on the euro		Change in the interest rate +0.25 on the euro	
	Impact on profits before taxes	Impact on equity before taxes	Impact on profits before taxes	Impact on equity before taxes
2011	(1,561)	20	1,561	(20)
2010	(1,613)	2	1,613	(2)

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

d) Liquidity risk-

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

Also, in 2011 the GAMESA Group had an average of unused credit facilities equal to approximately 38.67% of the bank financing drawn down (2010: 62.26%).

e) Credit risk-

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

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

The analysis of the age of financial assets outstanding for which no provision whatsoever has been deemed necessary at 31 December 2011 and 31 December 2010 is as follows:

	Thousands of euros	
	2011	2010
Less than 90 days	62,626	80,127
90 – 180 years	38,345	13,022
More than 180 days	57,430	66,846
Total	158,401	159,995

The credit quality of cash and other cash equivalents at 31 December 2011 is as follows:

	Thousands of euros
A	93,076
A+	345,923
AA-	75,824
BBB	107,018
BBB-	3,709
BBB+	61,536
Total	687,086

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 and WTGS sale contracts that meet the requirements established in this connection (see Note 3-b). This requires that a reliable estimate must be made of the revenue from each contract and the total contract costs, as well as of the percentage of completion at year-end from technical and economic standpoints.
- As indicated in Note 3.f, each year the GAMESA Group tests for impairment assets for which there are indications that they might have become impaired and goodwill and intangible assets that have not yet come into service, and, therefore, it has to estimate their recoverable amount (see Notes 8, 9, 10 and 13.b).
- 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 sales of WTGSs (see Notes 3.p and 22).
- The GAMESA Group made certain assumptions in order to calculate the liability arising from obligations to employees (see Notes 3.r and 18.e) The fair value of those financial instruments granted as share-based payments that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. Changes in these assumptions would not have a significant impact on these consolidated financial statements.
- 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.p and 22).
- The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognizes liabilities for potential tax claims based on an estimation of whether or not additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognized, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise.
- The GAMESA Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured.

Although these estimates were made on the basis of the best information available at 31 December 2011 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 proposal for distributing 2011 net profits by Gamesa Corporación Tecnológica, S.A. that the Board of Directors will present to shareholders at a General Meeting for approval, calculated in accordance with Spanish accounting legislation applicable to the Company's individual financial statements, is as follows:

	Thousands of euros
Basis of distribution:	
Profit for the year	57,685
	57,685
Distribution:	
To legal reserve	54
To voluntary reserves	55,949
Dividend	1,682
Total	57,685

In addition, at the date of authorisation for issue of these consolidated financial statements, as in the previous year (Note 18.a), the Board of Directors of GAMESA resolved to propose to the shareholders at the Annual General Meeting a remuneration system for the shareholders, which, in the event of being ultimately approved, would be put into practice from its approval onwards, in the second half of 2012. Under this system, GAMESA would offer its shareholders an alternative which would enable them to receive bonus shares of the Company without limiting their entitlement to receive an equivalent amount in cash.

This option would be instrumented through a bonus issue (Note 18.a), which must be approved by the shareholders at GAMESA's General Meeting. In the bonus issue, each shareholder of the Company will receive a bonus issue right for each GAMESA share. The aforementioned rights received would be traded on the Madrid, Barcelona, Bilbao and Valencia stock markets.

Based on the alternative chosen, each GAMESA shareholder may receive either new bonus shares of the Company or a cash amount arising from the sale of the rights to GAMESA (by virtue of the obligation acquired by the Company, at a guaranteed fixed price) or in the market (in which case the consideration would vary on the basis of the market price of the bonus issue rights).

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

7. Segment reporting

The main criteria applied when defining the segment information of the GAMESA Group included in the accompanying consolidated financial statements are as follows:

- The segments were taken to be business units, since the GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors and is also presented in this way.
- Information is presented on the main segments and the "Consolidation Adjustments" column includes the adjustments and eliminations arising from the consolidation process.
- The operating segments identified are as follows:
 - Manufacture of WTGSs and wind power components ("Manufacturing")
 - Development, promotion and sale of wind farms ("Generation").

a) *Revenue* -

The breakdown, by segment, of consolidated revenue for the years ended 31 December 2011 and 2010 is as follows:

Segment	Thousands of euros	
	2011	2010
Manufacturing	2,864,974	2,597,135
Generation	532,069	428,871
Consolidation adjustments	(370,427)	(290,361)
Revenues	3,026,616	2,735,645

b) *Net profit* -

The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2011 and 2010 is as follows:

Segment	Thousands of euros	
	2011	2010
Manufacturing	61,043	63,772
Generation	926	(5,252)
Consolidation adjustments	(10,857)	(8,328)
Profit attributable to the parent company's shareholders	51,112	50,192

c) *Investment in assets* -

The detail of the total cost incurred in the acquisition of property, plant and equipment and other intangible assets in the years ended 31 December 2011 and 2010 is as follows (see Notes 9 and 10):

	Thousands of euros			
	2011		2010	
	Other intangible assets	Property, plant and equipment	Other intangible assets	Property, plant and equipment
Manufacturing	91,363	137,292	46,879	81,334
Generation	327	4,613	32	10,540
Investment in assets	91,690	141,905	46,911	91,874

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 2011 and 2010 is as follows:

Segment	Thousands of euros	
	2011	2010
Manufacturing	223,577	210,169
Generation	9,286	(1,495)
Depreciation and amortisation charge and provisions	232,863	208,674

e) *Assets and liabilities -*

The detail, by segment, of the assets and liabilities at 31 December 2011 is as follows:

	Thousands of euros			
	Manufacturing	Generation	Consolidation adjustments:	Total at 31.12.11
Property, plant and equipment and other assets				
Intangible assets	663,438	19,070	-	682,508
Goodwill and other non-current assets	604,330	126,505	-	730,835
Current assets	3,773,831	1,257,816	(813,541)	4,218,106
Total Assets	5,041,599	1,403,391	(813,541)	5,631,449
Equity	1,376,201	356,076	(40,179)	1,692,098
Bank borrowings	1,115,990	233,661	-	1,349,651
Other non-current liabilities	346,499	27,608	-	374,107
Other current liabilities	2,202,909	786,046	(773,362)	2,215,593
Total liabilities and Equity	5,041,599	1,403,391	(813,541)	5,631,449

The detail, by segment, of the assets and liabilities at 31 December 2010 is as follows:

	Thousands of euros			
	Manufacturing	Generation	Consolidation adjustments:	Total at 31.12.10
Property, plant and equipment and other assets				
Intangible assets	582,127	12,423	1	594,551
Goodwill and other non-current assets	647,318	115,565	1	762,884
Current assets	3,331,541	1,257,779	(1,007,644)	3,581,676
Total Assets	4,560,986	1,385,767	(1,007,642)	4,939,111
Equity	1,237,372	419,004	(27,674)	1,628,702
Bank borrowings	700,574	113,630	-	814,204

Other non-current liabilities	321,207	9,831	-	331,038
Other current liabilities	2,301,833	843,302	(979,968)	2,165,167
Total liabilities and Equity	4,560,986	1,385,767	(1,007,642)	4,939,111

f) *Net bank borrowings and Ebitda -*

In accordance with the calculation and classification criteria used in the Group's management information:

- Wind turbine Manufacturing Segment
 - EBITDA 2011: 340 million euros
 - EBITDA 2010: 338 million euros
 - Net bank borrowings 31.12.2011: 273 million euros
 - Net bank borrowings 31.12.2010: (405) million euros

- Generation Segment
 - Bank borrowings 2011: 438 million euros
 - Bank borrowings 2010: 196 million euros

Geographical information

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

- Spain
- Rest of Europe
- United States
- China
- India
- Rest of the world

The most significant disclosures in this connection are as follows:

a) *Revenue -*

The breakdown, by geographical segment, of revenue at 31 December 2011 and 2010 is as follows:

Geographical area	31.12.11		31.12.2010	
	Thousands of euros	%	Thousands of euros	%
Spain	261,901	8.7%	309,673	11.4%
Rest of Europe	661,715	21.9%	902,317	32.9%
United States	410,544	13.6%	723,322	26.4%
China	669,749	22.1%	357,625	13.1%
India	530,020	17.5%	189,017	6.9%
Rest of the world	492,687	16.2%	253,691	9.3%
Total	3,026,616	100.0%	2,735,645	100.0%

b) *Total assets -*

The detail, by geographical segment, of the total assets at 31 December 2011 and 2010 is as follows:

Geographical area	31.12.11		31.12.2010	
	Thousands of euros	%	Thousands of euros	%
Spain	2,473,311	43.9%	2,609,306	52.8%
Rest of Europe	790,683	14.0%	502,147	10.2%
United States	1,044,616	18.6%	1,037,863	20.9%
China	559,678	9.9%	343,604	7.0%
India	382,377	6.8%	170,498	3.5%
Rest of the world	380,784	6.8%	275,693	5.6%
Total	5,631,449	100.0%	4,939,111	100.0%

c) *Investment in assets -*

The detail, by geographical segment, of the investments in property, plant and equipment and other intangible assets in 2011 and 2010 is as follows:

Geographical area	31.12.11		31.12.2010	
	Thousands of euros	%	Thousands of euros	%
Spain	157,618	67.5%	105,065	75.7%
Rest of Europe	3,196	1.4%	462	0.3%
United States	19,691	8.4%	8,494	6.1%
China	15,018	6.4%	20,407	14.8%
India	33,876	14.5%	4,315	3.1%
Rest of the world	4,196	1.8%	42	-
Total	233,595	100.0%	138,785	100.0%

8. Goodwill

The changes in "Goodwill" in the consolidated balance sheets in 2011 and 2010 were as follows:

2011	Thousands of euros			
	Balance at 31.12.10	Additions	Disposals	Balance at 31.12.2011
Manufacturing segment	312,500	-	-	312,500
Generation segment	74,758	-	-	74,758
	387,258	-	-	387,258

2010	Thousands of euros			
	Balance at 31.12.09	Additions	Disposals	Balance at 31 December 2010
Manufacturing segment	312,500	-	-	312,500
Generation segment	74,758	-	-	74,758
	387,258	-	-	387,258

Goodwill originated in euro.

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

Goodwill allocated to the "Manufacturing" segment

For the goodwill identified with the WTGS and wind energy component manufacturing segment (see Note 7), the recoverable amount of the cash generating unit taken as a whole was measured by reference to their value in use, which was calculated on the basis of cash flow projections (approved by management) which represent the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate of 1.5% (2010: 1.5%).

The cash flows considered correspond to those generated by all the companies in the "Manufacturing" segment, engaging in general in the design, development, manufacture and sale of WTGSs and their related components, and the research and development associated therewith. These production activities are planned and managed jointly by the management of GAMESA regardless of the geographic location of the promotion and installation activity, based on availability and efficiency criteria.

In order to calculate value in use, the assumptions made include the discount rates based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating unit, which stand at between 9% and 11% (2010: 8% and 11%).

From the business standpoint, the following key assumptions were made:

- Gradual improvement in the MW sold in the coming years, attaining a level of 4,000 MW in 2013.
- Appearance of new products and improvements to existing ones, and penetration of emerging markets such as Brazil and Mexico and consolidation in the US, China and India.
- Reduction in average income per MW in 2012, regaining previous levels in 2013, as a result of the appearance of new products and a recovery of the gross margin in 2012-2013 as a result of the cost improvement plans already initiated.
- Alignment of production with order inflows and inventory optimisation.

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised and, therefore, no problems regarding the recovery of the aforementioned goodwill were detected. In addition, from a perspective of analysing sensitivity, GAMESA Group has applied sensitivity calculations to the results of this impairment test consisting of changes in the following key assumptions:

- MW sold in coming years.
- Average revenues per MW.

The results of the analysis carried out show that 10% downward changes in the aforementioned assumptions, considered on an individual basis, and 10 basis point increases do not give rise to a need to recognise any impairment whatsoever.

Goodwill allocated to the "Generation" segment

The amount of goodwill assigned to the development, promotion and sale of wind farms segment (Note 7) recoverable from the entire associated cash generating unit has been evaluated based on a hypothetical portfolio of farm promotions valued at approximately 24,500 MW.

The methodology used to estimate the recoverable value of these cash generating unit from the segmenting of the promotion portfolio into various categories, is fundamentally based on the maturity of the projects making up the development and the assignment of success probabilities to each segment.

These probabilities have been obtained from internal business information (basically past experience accumulated over the course of the years operating in the sector), compared with habitual practices in the sector.

Also, a price per MW is considered on the basis of annual production, calculating a value for future MWs decreasing over time in order to reflect the time value of money. The estimate of the price applicable to each future MW is based on the measurement method for a wind farm. In general terms, the selling price for wind farms may be estimated by applying a multiple or index per estimated MWh that will be produced in a year, which is based on transactions concluded by GAMESA in the various countries in which it promotes wind farms. An index is used for each country in accordance with the specific characteristics of, among other things, the wind energy rate or operating expenses and the maintenance in each geographic location. Furthermore, an estimate of the necessary investment for the promotion, construction and launch of a wind farm is used, which is based on internal business information that is obtained by also making a distinction among the various countries in which GAMESA operates. As estimate is made for the margin that Gamesa will obtain on the sale of a project in a certain country by multiplying the aforementioned index by the expected wind resources for the project concerned, subtracting the estimated investment in the farm.

The assumptions made include the discount rates based on the weighted average cost of capital (WACC), include the factors involved in which the time value of money and the risks associated with the cash generating units, which stand at between 9% and 11% (2010: 8% and 11%).

Based on the estimates and projections available to the directors of GAMESA, the income forecasts attributable to each of the cash generating unit to which the aforementioned goodwill was allocated adequately support the amounts of goodwill recognised and, therefore, no problems regarding the recovery of the aforementioned goodwill were detected. In addition, from a perspective of analysing sensitivity, GAMESA Group has applied sensitivity calculations to the results of this impairment test consisting of changes in the following key assumptions:

- MW in portfolio
- Price per MW
- Success probabilities assigned to each segment.

The results of the analysis carried out show that 10% downward changes in the aforementioned assumptions, considered on an individual basis, and 10 basis point increases do not give rise to a need to recognise any impairment whatsoever.

9. Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2011 and 2009 were as follows:

	Thousands of euros				
	Development expenses	Concessions, patents, licences, trademarks and similar	Computer Software	Advances	Total
Cost -					
Balance at 1.1.10	242,120	22,227	35,594	2,767	302,708
Additions	39,221	-	2,677	5,013	46,911
Disposals	-	-	(73)	-	(73)
Differences on exchange	(3)	13	14	-	24
Transfer from assets classified as held for sale	58	-	4,319	(4,321)	56
Balance at 31 December 2010	281,396	22,240	42,531	3,459	349,626
Additions	68,112	6,544	10,616	6,418	91,690
Disposals	(38)	-	(506)	-	(544)
Differences on exchange	738	(342)	50	-	446
Transfers	1,145	-	5,536	(5,556)	1,125
Balance at 31.12.11	351,353	28,442	58,227	4,321	442,343
Depreciation -					
Balance at 1 January 2010	(118,853)	(12,364)	(18,946)	-	(150,163)
Charge for the year (Note 28.e)	(23,943)	(3,133)	(5,593)	-	(32,669)
Differences on exchange	-	(2)	(6)	-	(8)
Disposals	-	-	72	-	72
Transfer from assets classified as held for sale	(68)	-	12	-	(56)
Balance at 31 December 2010	(142,864)	(15,499)	(24,461)	-	(182,824)
Charge for the year (Note 28.e)	(18,424)	(3,131)	(7,307)	-	(28,862)
Differences on exchange	(35)	1	(16)	-	(50)
Disposals	38	-	-	-	38
Transfers	(27)	-	(10)	-	(37)
Balance at 31 December 2011	(161,312)	(18,629)	(31,794)	-	(211,735)
Impairment losses -					
Balance at 1 January 2010	-	-	-	-	-
Impairment loss recognised in the year	-	-	-	-	-
Amounts used	-	-	-	-	-
Balance at 31 December 2010	-	-	-	-	-
Impairment loss recognised in the year	-	-	-	-	-
Amounts used	-	-	-	-	-
Balance at 31 December 2011	-	-	-	-	-
Total other intangible assets					
At 31.12.10	138,532	6,741	18,070	3,459	166,802
Total other intangible assets					
At 31.12.11	190,041	9,813	26,433	4,321	230,608

In 2011 and 2010 the main addition to "Development Expenditure" is due to the development in the WTGS manufacturing segment (mainly at the subsidiary Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company), of new WTGS models and to the optimisation of the performance of their components amounting to approximately EUR 53,146 thousand and EUR 33,095 thousand, respectively.

Research and development expenses not capitalised during 2011 totalled EUR 34 million (2010: EUR 23 million).

Fully amortised intangible assets in use at 31 December 2011 and 2010 amounted to approximately EUR 158,932 thousand and EUR 110,873 thousand, respectively.

At 31 December 2011, GAMESA group had intangible asset purchase commitments amounting to EUR 10,300 thousand (31 December 2010: EUR 7,420 thousand).

10. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheet in 2011 and 2010 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 1 January 2010	254,627	198,226	259,745	12,716	725,314
Additions	2,003	16,144	35,515	38,212	91,874
Disposals	(1,426)	(9,030)	(4,939)	(139)	(15,534)
Transfer from assets classified as held for sale					
Differences on exchange	5,105	4,498	2,993	(407)	12,189
Transfers	(5,593)	(6,973)	5,142	(3,850)	2,672
Balance at 31 December 2010	254,716	216,811	298,456	46,532	816,515
Change					
in the scope of consolidation (Note 2.g)	(83,164)	(793)	-	-	(83,957)
Additions	6,938	23,644	74,751	36,572	141,905
Disposals	(30)	(6,880)	(3,752)	(135)	(10,797)
Differences on exchange	3,590	2,797	2,979	3,570	12,936
Transfers	12,776	16,383	6,384	(35,343)	200
Balance at 31 December 2011	194,826	251,962	378,818	51,196	876,802

	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
Depreciation -					
Balance at 1 January 2010	(31,189)	(122,230)	(152,259)	-	(305,678)
Charge for the year (Note 28.e)	(14,632)	(22,116)	(33,117)	-	(69,865)
Disposals	20	7,868	4,002	-	11,890
Transfer from assets classified as held for sale					
Differences on exchange	(714)	(1,918)	(1,677)	-	(4,309)
Transfers	92	(2,856)	(106)	-	(2,870)
Balance at 31 December 2010	(46,423)	(141,252)	(183,157)	-	(370,832)
Change in the scope of consolidation (Note 2.g)	17,063	35	-	-	17,098
Charge for the year (Note 28.e)	(13,072)	(20,362)	(36,698)	-	(70,132)
Disposals	2	5,573	3,143	-	8,718
Differences on exchange	(764)	(1,890)	(1,823)	-	(4,477)
Transfers	41	539	(634)	-	(54)
Balance at 31 December 2011	(43,153)	(157,357)	(219,169)	-	(419,679)
Impairment losses -					
Balance at 1 January 2010	-	(2,224)	-	-	(2,224)
Impairment loss recognised in the year	(1,091)	(14,323)	-	-	(15,414)
Differences on exchange	-	(296)	-	-	(296)
Balance at 31 December 2010	(1,091)	(16,843)			(17,934)
Application recognised in the year (Note 2.g)	-	12,500	-	-	12,500
Transfers	-	378	-	-	378
Differences on exchange	-	(167)	-	-	(167)
Balance at 31 December 2011	(1,091)	(4,132)	-	-	(5,223)
Total property, plant and equipment					
At 31.12.10	207,202	58,716	115,299	46,532	427,749
Total property, plant and equipment					
At 31.12.11	150,582	90,473	159,649	51,196	451,900

The main additions in 2011 were due to the investment in the new plant in India, the launch of the G97 blade in all geographic areas and the additions relating to the G10X blade.

The main additions in 2010 were due to the investment in the new Aoz (Navarre) plant for the manufacture of the G10X blade and its manufacturing prototypes, which represent a significant portion of the additions to "Plant and Machinery" and "Property, Plant and Equipment in the Course of Construction". The additions to "Other Items of Property, Plant and Equipment" relate to additions of items related to the manufacture of the new G10X blade.

At 31 December 2011 GAMESA's gross property, plant and equipment includes EUR 3,226 thousand (2010: EUR 3,226 thousand), approximating the value of GAMESA Group's assets that are covered by finance lease agreements and which were classified under the relevant heading on the basis of their nature (see Note 18). At 31 December 2011 and 2010, the minimum lease payments in this connection were as follows (in thousands of euro):

	Thousands of euros	
	2011	2010
2011	331	318
2012 and subsequent years	224	551
Total payable	555	869
Finance cost	16	29
Present value of lease payments	539	840
Total payable	555	869

Fully depreciated items of property, plant and equipment in use amounted to EUR 249,908 thousand at 31 December 2011 (31 December 2010: EUR 166,860 thousand). At 31 December 2011 and 2010, most of these items related to moulds and tooling for the manufacture of WTGSs.

At 31 December 2011, the GAMESA Group companies had property, plant and equipment purchase commitments amounting to approximately EUR 13,800 thousand (2010: EUR 12,102 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, GAMESA Group has taken out insurance policies to cover the WTGSs while they are being assembled and during their two-year warranty period.

In 2010 the Company recognised impairment losses amounting to EUR 15,414 thousand under "Net Impairment Losses" in the accompanying income statement. Of the total, EUR 12,500 thousand related to impairment recognised on the property, plant and equipment of Sistemas Energéticos Almodóvar del Río, S.L. (Sole-Shareholder Company), which was allocated to the positive difference between the cost paid for the company in 2009 and the underlying carrying amount acquired. These assets are integrated into the Manufacturing segment (see Note 7).

This impairment originated during 2010 since the following events occurred and were observed:

- On 23 November 2010 the Official State Journal ("BOE") published Royal Decree 1565/2010 (19 November) that amended several aspects of wind energy produced under the special system.
 - The wording of Article 18.e of Royal Decree 661/2007 was amended to include photovoltaic installations or groups of installations with a capacity exceeding 2 MW under the obligation to comply with the provisions of Operating Procedure 12.3 "Response requirements for voltage dips at wind energy facilities".
 - The right to receive. An equivalent premium for photovoltaic plants over the 1st 25 years of useful life in accordance with Article 1.10 was limited, thereby amending the financial system est. by Article 36 of Royal Decree 661/2007 (this was amended one month later in Royal Decree-Law 14/2010).
- On 24 December 2010 the Official State Journal published Royal Decree-Law 14/2010 (23 December), which reduced the number of equivalent production hours entitled to receive the State premium (to 1,250 hours). This is a cut back measure established for the period between 01/01/2011 and 31/12/2013, which was accompanied by an expansion of the period over which the special system is applicable from 25 to 28 years for type b.1.1 plants, whose rates are regulated in accordance with Article 36 of Royal Decree 661/2007 (25 May).
- As a result of the circumstances affecting the operation of the photovoltaic plant, investments in addition to those already made were required to adequately ensure the generation of future cash flows.

In addition to the aforementioned issue relating to the value-in-use of the plant, in 2010 non-binding offers were received to buy the facilities at a date close to the end of the year. As these offers were evidence of their value less selling costs, this value was equivalent and did not substantially exceed the amount obtained by estimating the plant's value-in-use.

As a result of the events indicated above, at the end of 2010 the recoverable amount of the aforementioned property, plant and equipment (calculated on the basis of the fair value thereof less costs to sell) was EUR 12,500 thousand lower than the carrying amount at which it had been recognised.

At 31 December 2011 GAMESA Group's stake in the company Sistemas Energéticos Almodóvar del Río, S.L. (Sole-Shareholder Company) was sold (Note 2.g).

11. Investments accounted for using the equity method

The detail of the investments in associates of the GAMESA Group at 31 December 2011 and 2010 is as follows:

Company	Thousands of euros	
	2011	2010
Windar Renovables, S.L. (Note 31)	39,198	38,732
Worldwater & Solar Technologies, Inc. (Note 2.g)	2,108	2,243
Skybuilt Power, Inc. (Note 2.g)	4,121	4,303
New Broadband Network Solutions, S.L. (Note 2.g)	2,000	-
Other	19	22
	47,446	45,300

The changes in 2011 and 2010 in this heading in the consolidated balance sheet were as follows:

	Thousands of euros	
	2011	2010
Beginning balance	45,300	51,702
Changes in the scope of consolidation (Note 2.g)	2,000	6,546
Profit for the year	146	2,052
Impairment loss recognised in the year	-	(15,000)
Transfer from assets classified as held for sale	-	-
Ending balance	47,446	45,300

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

- In 2011 the cost relating to the investment in the company New Broadband Network Solutions, S.L. representing 18.81% of the fair value of the net assets acquired (Note 2.g)
- In 2010 this heading included the cost corresponding to the investments in the share capital of the US companies Worldwater & Solar Technologies Inc. and Skybuilt Power, Inc., corresponding to 25% and 28.75% of the fair value of the net assets acquired.

The breakdown of consolidated assets, liabilities, revenues and expenses recognized using the equity method at 31 December 2011 is as follows:

2011	Thousands of euros			
	Windar Renovables, S.L. and Subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.	New Broadband Network Solutions, S.L.
Total non-current assets	36,114	1,420	216	1,051
Total current assets	55,150	100	1,867	1,313
TOTAL ASSETS	91,264	1,520	2,083	2,364
Total equity	56,600	659	1,934	677
Total non-current liabilities	7,275	668		996
Total current liabilities	27,389	193	149	691
TOTAL EQUITY AND LIABILITIES	91,264	1,520	2,083	2,364

2011	Thousands of euros			
	Windar Renovables, S.L. and Subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.	New Broadband Network Solutions, S.L.
Total revenue	99,761	1,227	115	-
Total expenses	(98,305)	(1,764)	(749)	-
PROFIT (LOSS) BEFORE TAX	1,456	(537)	(634)	-
Corporate income tax expense	-	-	-	-
PROFIT (LOSS) AFTER TAX	1,456	(537)	(634)	-

The breakdown of consolidated assets, liabilities, revenues and expenses recognized using the equity method at 31 December 2010 is as follows:

2011	Thousands of euros		
	Windar Renovables, S.L. and Subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.
Total non-current assets	28,446	1,599	6
Total current assets	68,670	140	3,331
TOTAL ASSETS	97,116	1,739	3,337
Total equity	55,731	1,198	2,881
Total non-current liabilities	2,157	187	-
Total current liabilities	39,228	354	456
TOTAL EQUITY AND LIABILITIES	97,116	1,739	3,337

2010	Thousands of euros		
	Windar Renovables, S.L. and Subsidiaries	Worldwater & Solar Technologies, Inc.	Skybuilt Power, Inc.
Total revenue	108,703	1,045	276
Total expenses	(102,225)	(1,574)	(974)
PROFIT (LOSS) BEFORE TAX	6,478	(529)	(698)
Corporate income tax expense	(54)	-	-
PROFIT (LOSS) AFTER TAX	6,424	(529)	(698)

During 2007, GAMESA Group and DANIEL ALONSO Group reached an agreement under which the latter fully subscribed to the share capital increase carried out by the GAMESA Group company Windmill Towers, S.L.U. (company to which the financial stake held by GAMESA in Group companies engaging in the construction of wind turbine towers were contributed), thereby diluting the stake held by GAMESA Group in that company to 32%.

The loss of control over the contributed companies by the GAMESA Group which received 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 an exchange with commercial substance.

Additionally, the GAMESA Group and Windmill Towers, S.L. (subsequently Windar Renovables, 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. At 31 December 2011, the two parties were negotiating the new terms and conditions of the supply agreement.

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

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

If the intention is negative:

1. Daniel Alonso will attempt to facilitate the entry of a third-party buyer for Gamesa's interest or,
2. After one year has elapsed since Daniel Alonso reported its negative intention, within one month after one year has elapsed Gamesa may provide written notice of its desire to sell its stake in Windar Renovables, S.L. to Daniel Alonso, which will be required to buy within one month following the date on which such notification was received.

In 2010 the Company recognised EUR 15,000 thousand under "Net Impairment Losses" in the accompanying consolidated income statement relating to impairment of the investment in Windar Renovables, S.L., calculated based on its value-in-use as a result of the fall-off of activity suffered by this associate, which led to a decrease in the cash flows generated by it on which the fair value of the company was based at the time of the business combination. Value in use was calculated on the basis of the cash flow projections (approved by Windar Renovables, S.L. management) that represented the best estimates covering a period of five years and an estimated residual value as a perpetual return of a year that does not contain cyclical or seasonal factors, with a growth rate equal to 1.5%. In order to calculate value in use, the assumptions made included the discount rates based on the weighted average cost of capital (WACC), the factors involved in which include the time value of money and the risks associated with the aforementioned investment, which stood at between 7% and 9%.

The most relevant parameters for analysing impairment are:

- Net revenues
- Operating results:
- Working capital
- Investments in non-current assets

At the end of 2011, the Group has reviewed and updated the cash flow estimates used in the calculation to determine the recoverable amount of the shareholding (calculated by referencing value-in-use), using a discount rate between 9% and 11% and a growth rate of 1.5% without any indication that the impairment provision allocated the previous year is insufficient or excessive.

From a sensitivity analysis point of view, a 50 basis point change in the discount rate used (increase) would give rise to additional impairment of EUR 103 thousand.

12. Financial instruments by category-

a) Composition and breakdown of financial assets-

The breakdown of the Group's financial assets at 31 December 2011 and 2010, presented by nature and category for measurement purposes:

2011	Thousands of euros					
	Other financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives (Note 21)	Total
Equity instruments:	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Derivatives	-	-	-	-	28	28
Other financial assets	-	34,955	5,889	-	-	40,844
Long-term/non-current	-	34,955	5,889	-	28	40,872
Equity instruments:	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Derivatives	1,055	-	-	-	14,035	15,090
Other financial assets	-	-	55,389	-	-	55,389
Trade and other receivables	-	-	2,059,719	-	-	2,059,719
Short-term / current	1,055	-	2,115,108	-	14,035	2,130,198
Total	1,055	34,955	2,120,997	-	14,063	2,171,070

2010	Thousands of euros					
	Other financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives (Note 21)	Total
Equity instruments:	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other financial assets	-	31,231	77,241	-	-	108,472
Long-term/non-current	-	31,231	77,241	-	-	108,472
Equity instruments:	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Derivatives	-	-	-	-	812	812
Other financial assets	-	-	16,247	-	-	16,247
Trade and other receivables	-	-	1,567,670	-	-	1,567,670
Short-term / current	-	-	1,583,917	-	812	1,584,729
Total	-	31,231	1,661,158	-	812	1,693,201

b) Composition and breakdown of financial liabilities-

The breakdown of the Group's financial liabilities at 31 December 2011 and 2010, presented by nature and category for measurement purposes:

2011	Thousands of euros			
	Other financial liabilities at fair value through profit or loss	Creditors and payables	Hedging derivatives (Note 21)	Total
Bank borrowings:	-	940,791	-	940,791
Debentures and other marketable securities	-	-	-	-
Derivatives	-	-	4,343	4,343
Other financial liabilities	-	43,702	-	43,702
Long-term debts / non-current financial liabilities	-	984,493	4,343	988,836
Bank borrowings:	-	408,860	-	408,860
Debentures and other marketable securities	-	-	-	-
Derivatives	-	-	25,046	25,046
Other financial liabilities	-	43,194	-	43,194
Trade and other payables	-	1,946,897	-	1,946,897
Short-term debts / current financial liabilities	-	2,398,951	25,046	2,423,997
Total	-	3,383,444	29,389	3,412,833

2010	Thousands of euros			
	Other financial liabilities at fair value through profit or loss	Creditors and payables	Hedging derivatives (Note 21)	Total
Bank borrowings:	-	556,725	-	556,725
Debentures and other marketable securities	-	-	-	-
Derivatives	-	-	5,311	5,311
Other financial liabilities	-	45,363	-	45,363
Long-term debts / non-current financial liabilities	-	602,088	5,311	607,399
Bank borrowings:	-	257,479	-	257,479
Debentures and other marketable securities	-	-	-	-
Derivatives	1,057	-	23,811	24,868
Other financial liabilities	-	101,068	-	101,068
Trade and other payables	-	1,904,913	-	1,904,913
Short-term debts / current financial liabilities	1,057	2,263,460	23,811	2,288,328
Total	1,057	2,865,548	29,122	2,895,727

13. Non-current financial assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2011 and 2010 were as follows:

2011	Thousands of euros					
	Balance at 31 December 2010	Additions	Translation differences	Disposals	Transfers	Balance at 31 December 2011
Derivatives (Note 21)	-	28	-	-	-	28
Investment securities	31,231	5,972	620	(1,760)	(1,108)	34,955
Other non-current financial assets	77,241	1,148	(302)	(2,360)	(69,838)	5,889
	108,472	7,148	318	(4,120)	(70,946)	40,872

2010	Thousands of euros					
	Balance at 31.12.09	Changes in the scope of consolidation (Note 2-g)	Additions	Translation differences	Disposals	Balance at 31 December 2010
Investment securities	4,815	16,250	11,418	277	(1,529)	31,231
Other non-current financial assets	73,356	-	4,931	160	(1,206)	77,241
	78,171	16,250	16,349	437	(2,735)	108,472

a) Trading portfolio-

The detail of the cost of acquisition of the most representative long-term investment securities at 31 December 2011 and 2010 is as follows:

	31.12.2011	31.12.2010	% of ownership at 31.12.11	% of ownership at 31.12.10
	Thousands of euros	Thousands of euros		
Anqiu Taipingshan Wind Power Co. Ltd. (Note 2.g)	2,219	2,219	10%	10%
CGN Wind Power Co. Ltd.	2,299	2,127	25%	25%
Jianping Shiyingszi Wind Power Co. Ltd. (Note 2.g)	4,437	4,437	25%	25%
Yishui Tangwangshan Wind Power Co. Ltd. (Note 2.g)	1,943	1,943	25%	25%
Wendeng Zhangjiachan Wind Power Co. Ltd. (Note 2.g)	7,651	7,651	40%	40%
Neimenggu Huadian Meiguiying Wind Power Co. Ltd.	7,415	2,834	25%	25%
CGN Changgao Wind Power Co. Ltd.	4,660	4,660	25%	25%
Cheng Dingshan	1,308	-	25%	-
Other	3,023	5,360		
	34,955	31,231		

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

In 2011 and 2010 the GAMESA Group invested in the share capital of various Chinese companies (wind farms), in general holding ownership interests of 25% to 40% (see Note 2-g). Despite holding ownership interests of more than 20%, GAMESA's directors consider that significant influence does not exist at these companies since there is no power to participate in decisions regarding the financial and operating policies of these companies. In general, the GAMESA Group invests in the share capital of these companies solely in order to propitiate the obtainment of the related permits to develop these wind farms and construct and sell WTGSs thereto. Also, all the share purchase agreements entered into by the Group provide for a put option for GAMESA at the underlying carrying amount of the company at the time of exercise, once manufacture of the WTGSs has been completed.

b) Other non-current financial assets -

The detail of “Other Non-Current Financial Assets” in the consolidated balance sheets at 31 December 2011 and 2010 of the GAMESA Group is as follows:

	Thousands of euros		Interest rate:	Maturity
	31.12.11	31.12.2010		
Deposits and guarantees provided long term (Note 28.d)	4,000	5,546	Euribor + spread	2012-2018
Other long-term loans	1,889	71,695	Euribor + spread	2012-2013
Total	5,889	77,241		

In both 2011 and 2010 this heading includes EUR 700 thousand for loans granted to several executives of the former group company Gamesa Solar, S.A. (sold in 2008). This loan matures in 2013. The Company recognised EUR 166 thousand (2010: EUR 157 thousand) relating to interest receivable on these loans at 31 December 2011, which will also be paid in full on maturity.

In 2010 it also included EUR 965 thousand for loans granted to several executives of the other former group company Global Energy Services, S.A. (formerly called Gamesa Energía Servicios, S.A. and sold in 2006). This loan matures in 2012. At 31 December 2011 part of this loan was collected with interest and the outstanding principal and interest totals EUR 832 thousand, which has been transferred to current liabilities (see Note 12). The Company recognised EUR 175 thousand (2010: EUR 165 thousand) relating to interest receivable on these loans at 31 December 2011, which will also be paid in full on maturity.

Under “Long-Term Deposits and Guarantees Given” the Group recognises mainly the guarantees provided to secure compliance with the obligations assumed by the Company, principally under leases (see Note 28.d).

At 31 December 2011 and 2010, under the headings “Other current financial assets” and “Other long-term loans”, respectively, GAMESA Group basically recorded EUR 71,872 thousand and EUR 68,676 thousand, respectively, relating to the loan granted by the company to Toler Inversiones 2007, S.L. (currently 9Ren España, S.L. (Sole-Shareholder Company). This loan, initially for EUR 60 million (capitalising interest, which is amortised together with the principal at maturity), was granted to partially finance the acquisition of Gamesa Solar, S.A. from Gamesa Energía, S.A. (Sole-Shareholder Company) on 24 April 2008. This loan matures on 24 April 2012 and will be repaid in full on the maturity date and accrues interest indexed to EURIBOR plus a spread. This interest, recognised under “Finance Income” in the consolidated income statement amounted to EUR 3,196 thousand in 2011 (2010: EUR 2,638 thousand).

Toler Inversiones 2007, S.L. is obligated to provide GAMESA with a first-tier pledge of all of the shares representing its share capital (in the event that the Revolving Financing has been cancelled), or in the event that the Revolving Financing has not been cancelled, to provide a second-tier pledge of all the shares representing its share capital when requested by Gamesa Corporación Tecnológica, S.A. GAMESA may require the creation of a pledge when, in accordance with the financial statements in any quarter for Toler Inversiones 2007, S.L., the “Financial debt/EBITDA” ratio for the preceding year is less

than (4.50). GAMESA has not required Toler Inversiones 2007, S.L. to create this pledge, although it fully maintains its right to do so if deemed advisable. Similarly, the agreement foresees the obligation on the part of Toler Inversiones 2007, S.L to make early repayments in the event that its cash figure is higher than twice the latest annual EBITDA figure during two consecutive quarters.

At 31 December 2011 GAMESA Group identified indications of impairment of this financial asset as a result of a lower capacity to generate cash flows, mainly due to the deterioration of the activity in the sector in which it operates. This impairment has been recognised based on the maximum risk deriving from the debtor, based on GAMESA's best estimates in the current scenario for future estimated cash flows for this financial asset, calculated based on cash flow projections that represent the best estimates covering 5 years. In order to calculate the recoverable value, discount rates based on the weighted average cost of capital (WACC) have been used, including the value of money over time and the risks associated with this asset, which stood at between 9% and 11%.

Based on the estimates and projections available to GAMESA, it has recorded impairment totalling EUR 25,000 under the heading "Net asset impairment losses" in the consolidated income statement for 2011.

The most relevant parameters for analysing impairment are:

- Net revenues
- Operating results:
- Working capital
- Investments in non-current assets

From a sensitivity analysis point of view, a 50 basis point change in the discount rate used (increase) would give rise to additional impairment of EUR 1,300 thousand.

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

14. Inventories

The detail of this heading at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Goods purchased for resale	1,073	1,093
Raw and auxiliary materials	401,224	371,700
Work in progress and finished goods	722,581	474,396
Pre-payments to suppliers:	71,874	38,701
Inventory write-downs (Note 28.e)	(80,647)	(42,123)
Total	1,116,105	843,767

Impaired inventories in 2011 related mainly to blades and towers.

At 31 December 2011 and 2010, there were no inventories provided to secure the payment of debts or in relation to any other obligations to third parties.

15. Trade and other receivables

The detail of "Trade and Other Receivables" in the consolidated balance sheets at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Trade and other receivables	519,867	702,586
Construction contract receivables (Notes 3.b and 17)	1,000,458	580,916
Impairment of uncollectible receivables	(9,149)	(2,556)
Total trade and other receivables	1,511,176	1,280,946

All the aforementioned balances mature in less than twelve months and are non-interest-earning. Therefore, their realisable value does not differ significantly from their carrying amount.

The heading "Allowance for Uncollectible Receivables" includes the balances receivable in relation to which there are doubts as to their recoverability (see Note 3.h). At each reporting date, the GAMESA Group analyses the recoverability of uncollected past-due amounts and potential problems relating to the collection of unmatured items.

The carrying value of the Group's receivables and other receivables in foreign currency:

Currency	Equivalent value in thousands of euro	
	2011	2010
Moroccan dinar	10,308	9,550
US dollar	81,458	15,528
Romanian lev	17,471	-
Egyptian pounds	10,321	11,221
Chinese yuan	92,957	99,478
Polish zlotys	5,990	2,042
Indian rupees	23,585	38,006
Other currencies	596	1,729
Total	242,686	177,554

Movements in the provision for the impairment of the value of the Group's trade and other receivables were as follows (Thousands of euros):

	2011	2010
1 January	2,556	10,947
Provision of the impairment of the value of receivables	6,710	1,727
Receivables written off	(244)	(9,205)
Reversal of unused amounts	(748)	(808)
Transfers	353	(927)
Exchanges differences	522	822
At 31 December	9,149	2,556

16. Cash and other cash equivalents

The breakdown of “Cash and Cash Equivalents” in the accompanying consolidated balance sheets at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Cash in euro	488,323	590,517
Cash in foreign currency (Note 3.1)	130,170	345,468
Liquid assets maturing in less than three months	68,593	77,171
Total	687,086	1,013,156

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

17. Contract revenue recognised by reference to the stage of completion

The amount of revenue (variation in the stage of completion resulting from sales recognised by reference to the stage of completion) on the firm WTGS and wind farm sales contracts which at 31 December met the requirements indicated in Note 3.b for the application of the percentage of completion method in 2011 and 2010 declined by EUR 196,589 thousand and EUR 397,669 thousand, respectively, and is recognised under “Revenue” in the consolidated income statements for 2011 and 2010, respectively. For uncompleted contracts at 31 December 2011, the cumulative amount of costs incurred and revenue recognised until that date amounted to EUR 1,859,942 thousand (EUR 2,090,714 thousand for uncompleted contracts at 31 December 2010).

Accounts receivable from contract customers for sales recognised by reference to the stage of completion included under “Trade and Other Receivables”, net of the advances received at 31 December 2011, amounted to EUR 1,000,458 thousand (31 December 2010: EUR 580,916 thousand) (see Note 15).

Accounts receivable from contract customers for sales recognised by reference to the stage of completion included under “Trade Receivables from Related Companies”, net of the advances received (see Note 31) at 31 December 2011, amounted to EUR 166,414 thousand (31 December 2010: EUR 171,990 thousand).

18. Equity of the Parent

a) Share capital-

On 25 May 2011 (2010: 28 May 2010) the shareholders at the Annual General Meeting of Gamesa Corporación Tecnológica, S.A. resolved to increase capital by charging unrestricted reserves for a maximum reference market value of EUR 11 million gross (2010: EUR 29 million) through a bonus issue of ordinary shares to be allocated to the Company’s shareholders. The aforementioned capital increase was approved by the shareholders at the Annual General Meeting of GAMESA in order to implement, for the second consecutive year, a system for remunerating the shareholders called “Gamesa Dividendo Flexible”. With this new system GAMESA endeavoured to:

- (i) offer its shareholders a new alternative that would allow them to decide whether they would prefer to receive all or a portion of their remuneration in cash or in the Company’s new bonus shares;
- (ii) allow those shareholders who so desire to benefit from the favourable tax treatment applicable to bonus issues, without limiting in any way the possibility of receiving the amount of the remuneration corresponding to them in cash; and
- (iii) improve its dividend policy and bring it into line with the latest transactions carried out by other Spanish and international companies.

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

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

After the period established for requesting the compensation and the negotiation of rights, on 15 July 2011 (2010: 19 July) GAMESA issued a total of 1,580,167 shares (2,409,913 shares in 2010), which increased share capital by EUR 268,628 (2010: EUR 409,685) charged against the heading "Reserves – Other reserves" under equity. In addition, for the other shareholders that have chosen to received the amount in cash resulting from the sale of the rights to GAMESA, the amount payable totals EUR 2,537 thousand, which is EUR 0.044 per right (2010: EUR 9,772 thousand, which was EUR 0.0116 per right), charged against the heading "Reserves – Other Reserves" under equity. At 31 December 2011 and 2010 no amount remained outstanding in this respect. As a result of the aforementioned share capital increase, GAMESA was assigned 24,678 shares free of charge (EUR 48,249 shares in 2010) - Note 18.e. (of which at 31 December 2011 and 2010 10,275 shares and 18,250 shares, respectively, relate to the Equity Swap – Note 12).

At 31 December 2011, the share capital of Gamesa Corporación Tecnológica, S.A. amounted to EUR 42,039 thousand (31 December 2010: EUR 41,771 thousand) and was composed of 247,289,984 fully subscribed and paid ordinary shares (245,709,817 ordinary shares at 31 December 2010) with a EUR 0.17 par value each, traded by the book-entry system.

Per public information in the possession of GAMESA, the shareholder structure of GAMESA at 31 December 2011 and 2010 was as follows:

	% of ownership 2011	% of ownership 2010
Iberdrola, S.A.	19.62%	19.58%
Blackrock Inc.	4.96%	-
Norges Bank	-	3.09%
Other (*)	75.42%	77.33%
Total	100.00%	100.00 %

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

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

The main objectives of the GAMESA Group's capital management are to ensure short- and long-term financial stability, the positive market performance of the shares of GAMESA, the adequate financing of its investments or the reduction of the GAMESA Group's borrowing levels, all of which ensure that the GAMESA Group maintains its financial fortitude and the soundness of its financial ratios on which the foundations of its business are based and maximise shareholder value.

The structure of the Group's capital includes financial debt, cash and cash equivalents (see Note 16) and the equity of the Parent, which includes capital and reserves.

At 31 December 2011, the GAMESA Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent was 41.86% (31 December 2010:-9.37%).

The ratios of debt (net of cash) to equity attributable to the Parent that are reflected in Note 18 are as follows:

	Thousands of euros	
	2011	2010
Non-current liabilities		
Bank borrowings and other non-current liabilities on loans that do not have to be repaid (Note 20 and Note 23).	977,019	595,310
Current liabilities		
Bank borrowings and other current liabilities on loans that do not have to be repaid (Note 20 and Note 23).	415,434	265,672
Total bank borrowings	1,392,453	860,982
Cash and other cash equivalents	687,086	1,013,156
Bank borrowings net of cash	705,367	(152,174)
Total equity of the Parent	1,685,150	1,623,654
Proportion of debt (net of cash) and equity attributable to the parent company	41.86%	(9.37)%

b) Share premium-

The Spanish Limited Liability 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 2011 and 2010 were as follows:

	Thousands of euros						
	31.12.09	Change in fair value	Taken to profit and loss	31.12.10	Change in fair value	Taken to profit and loss	31.12.11
Cash flow hedges:							
Interest rate swaps (Note 21)	(9,088)	(12,817)	9,512	(12,393)	(3,106)	7,429	(8,070)
Currency forwards (Note 21)	(2,254)	2,045	-	(209)	9,191	-	8,982
	(11,342)	(10,772)	9,512	(12,602)	6,085	7,429	912
Deferred taxes due to the remeasurement of unrealised asset and liabilities (Note 24)	2,994	3,909	(2,838)	4,065	(1,825)	(2,450)	(210)
Total	(8,348)	(6,863)	6,674	(8,537)	4,260	4,979	702

d) Other reserves-

The detail of "Other Reserves" in the consolidated balance sheet is as follows:

	Thousands of euros	
	2011	2010
Restricted reserves -		
To legal reserve	8,354	8,272
Revaluation reserve	461	729
Reserve for redenomination of capital in euro	1	1
Reserve for treasury shares	27,541	34,188
	36,357	43,190
To voluntary reserves	306,868	248,581
Reserves attributable to the consolidated companies	1,149,150	1,163,340
Reserves of companies consolidated using the equity method (Note 11)	4,531	4,385
Reserves of proportionately consolidated companies	131	(220)
Reserves of fully consolidated companies	1,144,488	1,159,175
Total	1,456,018	1,411,921

To legal reserve

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

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other reserves are not available for this purpose. At 2010 year-end this reserve had not reached the stipulated level.

Revaluation reserve Álava Regulation 4/1997 (see Note 10)

The "Revaluation Reserve" account reflects the net effect of the asset revaluation approved by Álava Regulation 4/1997, of 7 February, of which GAMESA availed itself. Since the stipulated period for the verification of this reserve has elapsed, it can be used to offset losses, increase capital or set up restricted reserves. In 2011 and 2010 GAMESA used EUR 268 thousand and EUR 410 thousand to increase share capital, pursuant to the resolution adopted by the shareholders at the Annual General Meeting, as described in Note 18.a.

e) Treasury shares

The detail of the total number of treasury shares and of the heading "Equity - Of the Parent - Treasury Shares", and of the changes therein as a result of the transactions performed in 2011 and 2010, is as follows:

	Number of shares	Thousands of euros
Balance at 1 January 2010	2,978,736	(32,310)
Additions	275,764	(2,249)
Allocation of scrip dividend (Note 18.a)	48,249	-
Disposals	(35,000)	371
Balance at 31 December 2010	3,267,749	(34,188)
Additions	1,495,678	(9,098)
Allocation of scrip dividend (Note 18.a)	24,678	-
Disposals	(1,553,679)	15,745
Balance at 31 December 2011	3,234,426	(27,541)

The nominal value of the treasury shares acquired directly or indirectly by GAMESA, together with those already held by GAMESA and its subsidiaries does not exceed 10% of share capital in 2011 or 2010.

On 28 May 2010, 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 10% 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 applicable regulations.

To hedge the Share Option Programme 2005-2008, described below, Gamesa obtained a swap and forward agreement from a bank on 10 August 2005. 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 financial expense on an accrual basis. In turn, GAMESA receives the dividends declared on the 2,212,000 shares.

On 2 June 2011 the swap and forward arrangement was terminated through the cash liquidation of 1,222,748 outstanding shares for EUR 13,272 thousand. Simultaneously, Gamesa obtained a new swap and forward arrangement from a bank, with an acquisition commitment at maturity on 7 June 2012 of 1,222,748 shares. The acquisition price was set at EUR 6.375 per share. The termination of the aforementioned swap and forward arrangement and the agreement for the new swap and forward arrangement gave rise to the simultaneous acquisition and write-off of 1,222,748 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 dividend rights thereon remain for the account of GAMESA, this transaction is classified under "Equity - Of the Parent - Treasury Shares" and "Non-Current Liabilities - Bank Borrowings" in the consolidated balance sheet.

At 31 December 2011 the amount of treasury shares held by the Company in this respect totals EUR 7,795 thousand (EUR 13,272 thousand at 31 December 2010).

In addition, in 2011 GAMESA acquired 272,930 treasury shares at an average price of EUR 4.76 and sold EUR 330,931 treasury shares at an average price of EUR 6.17. The write-off of treasury shares gave rise to a loss totalling EUR 5,913 thousand, charging the heading "Equity of the Parent - Reserves - Other reserves" in the consolidated balance sheet.

In 2010 GAMESA acquired 275,764 treasury shares at an average price of EUR 8.16 and sold 35,000 treasury shares at an average price of EUR 6.01, which gave rise to a loss of EUR 161 thousand, recognised with a charge to "Equity - Of the Parent - Reserves - Other Reserves" in the consolidated balance sheet.

2005-2008 share option plan

Shareholders at a General Meeting held on 28 May 2004 adopted a resolution to implement a Stock Option Programme and a Stock Bonus Programme.

This plan established a number of share options for a maximum of 54 executives of the Group up to a maximum of 2,212,000 options. Exercising the options was subject to compliance with the individual objectives of the beneficiaries between 2005-2007. Each option provides the beneficiary the right to acquire fully paid shares at a strike price of EUR 10.96 per share.

In general, the period for exercising these options commenced on 1 January 2008 and ended 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 was determined as the difference between the market price of the shares and the exercise price.

To hedge the Options Programme, on 10 August 2005, GAMESA arranged a swap and forward transaction to cover the aforementioned share option plan.

At 31 December 2010, 65,000 shares that could be executed up to 28 May 2011 were in the possession of certain executives pertaining to the Programme. At the end of 2011 the options that were available for execution at the end of the preceding year matured but were not exercised.

2009-2011 Incentive Plan

Shareholders at a General Meeting held on 28 May 2009 adopted a resolution to implement a Long-Term Plan to strengthen and encourage attaining the main strategic objectives established for 2009-2011. The Plan was a multi-year incentive and consisted of the delivery of Company shares to the beneficiaries.

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

The number of shares to be provided to each beneficiary was determined by the degree to which the objectives established in the Plan for the period between 1 January 2009 and 31 December 2011 are met. The maximum number of shares available for delivery totalled 2,189,699 shares and no CEO could receive more than 227,475 shares.

The shares would be delivered during the first 90 calendar days of 2012, once the Board of Directors has ratified the level of attainment of the objectives. In order to receive the shares, the beneficiaries must meet basically the following requirements:

- Maintained the employment relationship from the date of entry into force of the plan to the date of delivery of the shares.
- Achieved their personal targets.
- Signed the necessary contractual documents agreeing to keep 50% of the shares received for at least one year from the date the shares are delivered.

In 2009 GAMESA used the futures pricing formula and the Monte Carlo method, which is widely used in financial practice to measure transactions, in order to include the effect of market conditions on the value of the transferred equity instruments. The main assumptions used in the measurement were as follows:

- The risk-free rate is 1.77%
- To determine the volatility of the shares and the dividends distributed per share, the average value was calculated for the last three years
- The dividends accrued during the period of the plan are not paid.

In 2010 GAMESA included new beneficiaries under the plan, which gave rise to a total increase of 179,212 shares in the number of theoretical shares assigned to the plan, within the limit approved by the shareholders at the Annual General Meeting. Also, after reviewing the fulfilment of the requirements established for the plan beneficiaries, the fair value of the cost of the plan was reduced by EUR 2,115 thousand.

The Nominations and Compensation Committee on the Board of Directors of Gamesa Corporación Tecnológica S.A. held a meeting on 30 May 2011 and adopted a resolution, with the authority delegated by the Board, to terminate early the Long-Term Incentive Programme authorised by Shareholders at a General Meeting held on 29 May 2009.

As is described in Note 3.r, Gamesa has been recording the rendering of services to the beneficiaries as personnel expenses on an accruals basis, apportioning the fair value of the equity instruments assigned over the term of the plan, which gave rise to a charge totalling EUR 3,315 thousand under "Personnel expenses" in the consolidated income statement for 2010.

In 2011, GAMESA recognised the early termination of this long-term incentive programme as an acceleration of the consolidation (irrevocable) of the concession and therefore immediately recognised the amount that otherwise would have been recognised for the services received over the course of the consolidation period for the remaining concession, which has given rise to a charge totalling EUR 3,813 thousand under "Personnel expenses" in the consolidated income statement for 2011, crediting the heading "Other reserves" under equity in the accompanying consolidated balance sheet at 31 December 2011.

The total accumulated cost of this incentive plan, charged against "Personnel expenses" in the consolidated income statements for the period 2009-2011 was approximately EUR 11 million. The total effective cost (understood to be the fair value or real cost at the time of settlement) at the time the plan was settled early, obtained by reference to the listed price of the equity instruments to be delivered to the beneficiaries at the settlement date totalled approximately EUR 2,342 thousand.

2011-2013 Incentive Plan

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

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

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

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

- Maintained the employment relationship from the date of entry into force of the plan to the date of delivery of the shares.
- Achieved their personal targets.
- Signed the necessary contractual documents agreeing to keep 50% of the shares received for at least one year from the date the shares are delivered.

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

- The risk-free rate is 0.79%
- To determine the volatility of the shares and the dividends distributed per share, the average value was calculated for the last three months of 2010.
- The dividends accrued during the period of the plan are not paid.

As is described in Note 3.q, GAMESA recorded the rendering of services to the beneficiaries as personnel expenses on an accruals basis, apportioning the fair value of the financial instruments assigned over the term of the plan, which gave rise to a charge totalling EUR 1,756 thousand under "Personnel expenses" in the consolidated income statement for 2010.

GAMESA's Stock plan for employees:

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

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

- The beneficiary has held the shares acquired under this plan for one year (until May 2012) and
- The beneficiary continues to work for the Group during this period.

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

GAMESA has recorded the rendering of services by beneficiaries as a personnel expense on an accruals basis, apportioning the fair value of the equity instruments assigned during the period the plan was in force. IN 2011 this apportionment has given rise to a charge totalling EUR 1,102 thousand under the heading "Personnel expenses" in the consolidated income statement for 2011 and a credit was recognised in the heading "Other reserves" under equity in the consolidated balance sheet at 31 December 2011.

19. Non-controlling shareholdings

The detail of "Equity - Of Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2011 and 2010 is as follows:

	Thousands of euros
Balance at 1 January 2010	5,061
Profit for the year	477
Compass Transworld Logistics, S.L. dividend	(398)
Acquisition of 40% of S.E. los Lirios, S.A.	(143)
Other changes	51
Balance at 31 December 2010	5,048
Profit for the year	583
Compass Transworld Logistics, S.L. dividend	(411)
Exchange differences	(13)
Companies acquired	820
Share capital increases and reductions	838
Other changes	83
Balance at 31 December 2011	6,948

Compass Transworld Logistics, S.L. (51% owned by the GAMESA Group) distributed a dividend in 2011 amounting to EUR 839 thousand (2010: EUR 812 thousand).

20. Bank borrowings

Bank borrowings in the accompanying consolidated balance sheet and the related contractual flows (including interest) without any discount at 31 December 2011 and 2010, as well as the maturity dates, are as follows:

	Carrying Amount Balance at 31.12.2011	Balance at 31.12.2011 (*)	Debts at 31 December 2010 maturing at							
			Short Term	Long-term						
			2012	2013	2014	2015	2016	2017 and subsequent years	Total Long-term	
Accrued interest not paid	6,832	6,832	6,832	-	-	-	-	-	-	-
Loans	862,866	986,220	72,093	60,395	269,155	267,773	108,382	208,422	914,127	
Equity swaps (Note 18-e)	7,795	7,795	7,795	-	-	-	-	-	-	-
Payables for loan draw downs	8,342	8,482	8,482	-	-	-	-	-	-	-
Payables for discounted bills	49,641	50,467	50,467	-	-	-	-	-	-	-
Euro loans	935,476	1,059,796	145,669	60,395	269,155	267,773	108,382	208,422	914,127	
US dollar	196,999	212,406	80,812	4,198	4,193	123,059	144	-	131,594	
Indian rupees	127,738	129,864	129,864	-	-	-	-	-	-	
Chinese yuan	73,316	74,537	74,537	-	-	-	-	-	-	
Other	16,122	16,391	16,391	-	-	-	-	-	-	
Loans and credit facilities denominated in foreign currency (Note 3.1)	414,175	433,198	301,604	4,198	4,193	123,059	144	-	131,594	
TOTAL	1,349,651	1,492,994	447,273	64,593	273,348	390,832	108,526	208,422	1,045,721	

	Carrying Amount Balance at 31.12.2010	Balance at 31.12.10 (*)	Debts at 31 December 2010 maturing at							
			Short Term	Long-term						
			2011	2012	2013	2014	2015	2016 and subsequent years	Total Long-term	
Accrued interest not paid	5,454	5,454	5,454	-	-	-	-	-	-	-
Loans	584,260	609,624	72,221	294,512	32,857	32,857	16,429	160,748	537,403	
Equity swaps (Note 18-e)	13,272	13,272	13,272	-	-	-	-	-	-	-
Payables for drawn down loans	3,857	3,921	3,921	-	-	-	-	-	-	-
Payables for discounted bills	34,476	35,050	35,050	-	-	-	-	-	-	-
Euro loans	641,319	667,321	129,918	294,512	32,857	32,857	16,429	160,748	537,403	
US dollar	117,109	119,490	93,589	25,152	150	150	449	-	25,901	
Indian rupees	55,776	56,705	56,705	-	-	-	-	-	-	
Loans and credit facilities denominated in foreign currency (Note 3.1)	172,885	176,195	150,294	25,152	150	150	449	-	25,901	
TOTAL	814,204	843,516	280,212	319,664	33,007	33,007	16,878	160,748	563,304	

(*) The information regarding the maturity dates for bank borrowings in the accompanying tables differs from the amounts included in the consolidated balance sheet because the accompanying information is based on contractual flows without any discount while the bank borrowings in the consolidated balance sheet are recognised at amortised cost using the effective interest rate method.

On 16 December 2004, Gamesa Corporación Tecnológica, S.A. obtained a loan from the European Investment Bank for the project called Gamesa Wind Power RDI. These loans will be drawn down in two tranches: EUR 150,000 thousand and EUR 80,000 thousand, respectively. On 20 December 2005, Gamesa Eólica, S.L. (Sole-Shareholder Company) (indirectly wholly owned by Gamesa Corporación Tecnológica, S.A.) subrogated to the contractual position of Gamesa Corporación Tecnológica, S.A. At the end of 2011, Gamesa Eólica S.L. (Sole-Shareholder Company) owes the European Investment Bank EUR 115,000 thousand.

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

On 22 June 2011 Gamesa Group obtained a new syndicated loan for EUR 1,200 million, which replaces the previous syndicated loan that the Group had maturing in October 2012. The conditions of the new syndicated loan establish progressive maturity dates in the period 2014-2016 and the accrual of interest at Euribor plus a market spread, without substantial changes in the rest of the significant conditions or the present discounted value of cash flows.

At 31 December 2011, the GAMESA Group had been granted loans and undrawn credit facilities that accounted for 38.67% (31 December 2010:62.26%) of the total financing granted to it, which mature between 2011 and 2015 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at 31 December 2011 and 2010 bore annual weighted average interest at approximately 3.80% and 2.86%, respectively, at that date.

At 31 December 2011 the Consolidated Group companies had loan agreements totalling EUR 661 million (2010: EUR 430 million) and EUR 315 million (2010: EUR 308 million), respectively, which establish certain obligations, among which compliance with two financial ratios throughout the life of the agreement is notable and relate the capacity to generate resources from operations to the debt level and financial charges. Also, they establish certain limits on the arrangement of additional borrowings or obligations and on the distribution of dividends, as well as other additional conditions. Failure to meet these contractual conditions would enable the banks to demand early repayment of the related amounts. The directors of GAMESA consider that these conditions are being met and will continue to be met in the future in the normal course of business.

At 31 December 2010 and 2010, the GAMESA Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 21.

The fair value of bank borrowings at 31 December 2011 and 2010 is similar to the carrying value since the debt is subject to variable interest rates and accrue market spreads.

The sensitivity of the market value of bank borrowings based on the position to interest rate changes at 31 December 2011 and 2010 is as follows:

	Thousands of euros			
	Interest rate change			
	2011		2010	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the debt	1,382	(1,382)	2,315	(2,315)

The sensitivity of the market value of foreign currency bank borrowings (USD and INR) based on the position to exchange rate and interest rate changes at 31 December 2011 and 2010 is as follows:

	Thousands of euros							
	2011				2010			
	Change in interest rates		Changes in exchange rate (EUR/foreign currency)		Change in interest rates		Changes in exchange rate (EUR/foreign currency)	
Change in the value of the debt	+ 0.25%	- 0,25%	+ 5%	- 5%	+ 0,25%	- 0,25%	+ 5%	- 5%
US dollar	503	(503)	9,381	(10,368)	244	(244)	5,557	(6,164)
Chinese yuan	2	(2)	3,491	(3,859)	-	-	-	-
Indian rupees	347	(347)	6,083	(6,723)	139	(139)	2,656	(2,936)

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).

21. Derivative financial instruments

The GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the revaluation of derivatives in the consolidated balance sheets at 31 December 2011 and 2010 is as follows:

	Thousands of euros						
	2011				2010		
	Short term		Long-term		Short term		Long-term
	Asset	Liability	Asset	Liability	Asset	Liability	Liability
INTEREST RATE HEDGES:							
Cash flow hedges:							
Interest rate swaps:	1	6,416	6	1,660	-	7,082	5,311
FOREIGN CURRENCY HEDGES:							
Cash flow hedges:							
Currency forwards	13,173	3,090	-	1,102	-	209	-
Fair value hedges:							
Currency forwards	861	15,540	22	1,581	812	16,520	-
NON-HEDGING DERIVATIVES:							
Currency forwards	1,055	-	-	-	-	1,057	-
	15,090	25,046	28	4,343	812	24,868	5,311

In 2011 and 2010, to offset the effect on the consolidated income statement of hedging transactions, the GAMESA Group recognised an expense of EUR 7,429 thousand (2010: EUR 9,512 thousand) under "Finance Costs" in the consolidated income statement for 2011 (see Note 28-g), with a credit to "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" (see Note 18-c), under which they had previously been classified.

The GAMESA Group uses derivatives as foreign currency hedges to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. 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 legislation. These hedging transactions mature in 2012. At 31 December 2011 and 2010 the total nominal value covered by exchange rate hedges is as follows:

Currency	Thousands of euros	
	2011	2010
US dollar	196,189	221,551
Chinese yuan	42,951	14,014
Brazilian real	117,875	173,316
Polish zloty	72,512	2,729
Indian rupees	6,552	61,000
Mexican peso	12,178	-
Pound sterling	6,309	-
Swedish krona	1,519	-

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 2011 and 2010, the nominal value of the liabilities hedged by interest rate hedges amounted to EUR 574,394 thousand and EUR 570,770 thousand, respectively.

The main features of the cash flow hedges are as follows:

2011	Estimated period of cash flows	
	2012	2013 and subsequent years
Interest rates (EURIBOR)	459,921	346,286
Interest rates (LIBOR)	114,473	46,147
Exchange rates	333,177	-

No ineffectiveness has been detected in the hedges designated by GAMESA Group in 2011 and 2010.

Credit risk

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

	2011		2010	
	Thousands of euros	%	Thousands of euros	%
By geographical area:				
Spain	13,915	92.04%	642	79.13%
Other European Union countries	21	0.14%	88	10.79%
Rest of the world	1,182	7.82%	82	10.08%
	15,118	100.0%	812	100.0%
By counterparty categories:				
Credit institutions	15,118	100.0%	812	100.0%
	15,118	100.0%	812	100.0%

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

	2011		2010	
	Thousands of euros	%	Thousands of euros	%
Risks classified as AA	1,189	7.87%	642	79.1%
Risks rated A+	12,181	80.57%	170	20.9%
Risks rated AA-	1,748	11.56%	-	-
	15,118	100.0%	812	100.0%

Market risk

The sensitivity of the market value of the hedging derivatives arranged by the GAMESA Group to interest rate and exchange rate changes is as follows:

	Thousands of euros			
	Interest rate change			
	2011		2010	
	+ 0.25%	- 0,25%	+ 0.25%	- 0,25%
Change in the value of the hedge	20	(20)	2	(2)

	Thousands of euros			
	Percentage change in exchange rates			
	2011		2010	
	+ 5%	- 5%	+ 5%	- 5%
Change in the value of the hedge	3	(3)	7	(7)

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 2011 and 2010 is as follows:

	Provisions for litigation, termination benefits, taxes and similar	Provisions for warranties	Total provisions
Balance at 1 January 2010	1,167	221,458	222,625
Period provisions charged to income (Note 28-e)	10,597	102,157	112,754
Changes in the scope of consolidation (Note 2-g)	(64)	-	(64)
Transfers to short term	-	(10,922)	(10,922)
Reversal due to excessive provisions (Note 28-e)	-	(12,375)	(12,375)
Provisions used for their intended purpose	(264)	(84,987)	(85,251)
Differences on exchange	-	4,508	4,508
Balance at 31 December 2010	11,436	219,839	231,275
Period provisions charged to income statement (Note 28-e)	1,032	101,792	102,824
Changes in the scope of consolidation (Note 2-g)	-	-	-
Transfers to short term	-	(7,975)	(7,975)
Reversal due to excess provisions (Note 28(e))	-	(7,180)	(7,180)
Provisions used for their intended purpose	(319)	(78,608)	(78,927)
Differences on exchange	-	1,728	1,728
Balance at 31 December 2011	12,149	229,596	241,745

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 the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

During 2010 the Group allocated approximately EUR 8 million to "provisions for litigation, indemnities, taxes and similar items", fundamentally due to the obligation (more likely than not) deriving from a discrepancy in the interpretation and scope of the law applicable to the promotion and construction of renewable energy wind farms in the European Union. In 2011 the Group increases this allocation by approximately EUR 1 million as a result of a reestimation of the risk at the end of 2011.

The provision for warranties relates basically to the possible repair and start-up expenses which should be covered by the Group during the warranty period established in each WTGS sale agreement (generally two years). The increase in this provision arose mainly from the expansion of the product range and the Group's presence in new markets.

23. Other non-current liabilities

The detail of "Other Non-Current Liabilities" in the accompanying consolidated balance sheets at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	31.12.11	31.12.10
Refundable advances	36,228	38,585
Long-term advances from customers	1,765	1,765
Other non-current liabilities	5,709	5,013
Total	43,702	45,363

"Refundable Advances" includes basically interest-free advances provided to the Group companies Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company) and Cantarey Reinosa, S.A. (Sole-Shareholder Company) by the Ministry of Science and Technology and other public agencies to finance R&D projects, which are repayable over seven or ten years, following a three-year grace period. The portion of these advances maturing at short term is recognised under "Other current liabilities" in the consolidated balance sheet. These amounts mature as follows:

Refundable advances at 31 December 2011 maturing at								
	Balance at 31.12.2011	Short Term	Long-term					Total long-term
		2012	2013	2014	2015	2016	2017 and later	
Prepayments refundable	42,802	6,574	6,889	6,172	4,831	4,068	14,268	36,228

Prepayments refundable at 31 December 2010 maturing at								
	Balance at 31/12/10	Short Term 2011	Long-term					Total long- term
			2012	2013	2014	2015	2016 and later	
Prepayments refundable	46,778	8,193	7,493	7,066	5,561	4,393	14,072	38,585

The financial liability corresponding to these refundable advances is recognised at its present value, which coincides with its fair value, and the difference up to its repayment value calculated at a rate between 3.5% and 5%, is recognised as an implicit aid to be recognised as income on a systematic basis, over the periods required to offset it with the related costs (see Note 3.h).

24. Deferred taxes

The detail of "Deferred Tax Assets" and "Deferred Tax Liabilities" in the accompanying consolidated balance sheet and of the changes therein in 2011 and 2010 is as follows:

	Thousands of euros					
	31.12.10	Application and/or Credit (charge) to the income statement (Note 26)	Credit (charge) to asset and liability revaluation reserve	Differences on exchange	Disposals	31.12.11
Deferred tax assets:						
Revaluation of derivative financial instruments (Note 21)	4,065	-	(658)	53	-	3,460
Tax loss carryforwards	14,642	9,783	-	228	(3)	24,650
Unused tax credits recognised	105,390	644	-	-	-	106,034
Temporary differences	97,757	21,933	-	1,425	-	121,115
	221,854	32,360	(658)	1,706	(3)	255,259
Deferred tax liabilities:						
Deductible goodwill	31,939	4,562	-	-	-	36,501
Revaluation of derivative financial instruments (Note 21)	-	-	3,670	-	-	3,670
Temporary differences	17,150	26,766	-	230	-	44,146
	49,089	31,328	3,670	230	-	84,317

	Thousands of euros					
	31.12.09	Application and/or Credit (charge) to the income statement (Note 26)	Credit (charge) to asset and liability revaluation reserve	Differences on exchange	Disposals	31.12.10
Deferred tax assets:						
Revaluation of derivative financial instruments (Note 21)	2,925	-	1,071	69	-	4,065
Tax loss carryforwards	6,740	7,790	-	136	(24)	14,642
Unused tax credits recognised	94,942	10,448	-	-	-	105,390
Other	88,592	3,942	-	5,356	(133)	97,757
	193,199	22,180	1,071	5,561	(157)	221,854
Deferred tax liabilities:						
Deductible goodwill	27,376	4,563	-	-	-	31,939
Other	58,917	(43,784)	-	2,017	-	17,150
	86,293	39,221	-	2,017	-	49,089

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

25. Tax matters

In 2010 the Parent relocated its registered office from Álava to Vizcaya and, therefore, there was a change in the tax legislation applicable in 2011 and 2010 to Vizcaya tax legislation (see Note 1).

The detail of “Current Assets – Tax Receivables” and “Other Payables – Tax Payables” on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Tax receivables -		
VAT refundable	147,252	46,094
Tax withholdings and interim payments made:	26,033	16,683
VAT refunds receivable and other	93,762	65,225
Grants receivable	17,670	12,022
	284,717	140,024

	Thousands of euros	
	2011	2010
Tax payables -		
VAT payable	110,476	64,214
Tax withholdings payable	5,113	5,806
Income tax payable	19,973	30,146
Other tax payables	3,938	448
Social security contributions	6,161	5,114
	145,661	105,728

In 2011, when the Parent was subject to Vizcaya tax legislation, GAMESA and its subsidiaries that met the requirements established in the applicable legislation, resolved to be taxed under the special consolidated VAT regime provided for in Chapter IX of Vizcaya Regulatory VAT Decree 12/1993 (19 November) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group.

Gamesa Corporación Tecnológica, S.A. (parent company).	Sistemas energéticos Balazote, S.A. (Sole-Shareholder Company)
Gamesa Electric, S.A. (Sole-Shareholder Company)	Sistemas energéticos Fonseca, S.A. (Sole-Shareholder Company)
Especial Gear Transmissions, S.A. (Sole-Shareholder Company)	Sistemas energéticos Serra de Lourenza, S.A. (Sole-Shareholder Company)
Gamesa Energía, S.A. (Sole-Shareholder Company)	Sistemas energéticos Sierra de Valdefuentes, S.L. (Sole-Shareholder Company)
Cametor, S.L. (Sole-Shareholder Company)	Sistemas energéticos Sierra del Carazo, S.L. (Sole-Shareholder Company)
Gamesa Nuevos Desarrollos, S.A. (Sole-Shareholder Company)	Sistemas energéticos Monte Genaro, S.L. (Sole-Shareholder Company)
Gamesa inversiones energéticas renovables, S.C.R.	Sistemas energéticos Argañoso, S.A. (Sole-Shareholder Company)
International Windfarm Development II, S.L.	Sistemas energéticos Carril, S.A. (Sole-Shareholder Company)
International Windfarm Development III, S.L.	Sistemas energéticos Jaralón, S.A. (Sole-Shareholder Company)
International Windfarm Development IX, S.L.	Sistemas energéticos Lomas del Reposo, S.A. (Sole-Shareholder Company)
International Windfarm Development IV, S.L.	Gamesa Energía Galicia, S.A. (Sole-Shareholder Company)
International Windfarm Development V, S.L.	Sistemas energéticos Tarifa, S.A. (Sole-Shareholder Company)
International Windfarm Development VI, S.L.	International Windfarm Development VII, S.L.

26. Income tax expense (income)

Since 2002 GAMESA and the following subsidiaries subject to Basque Country income tax legislation have filed their income tax returns under the special consolidated tax regime.

Gamesa Corporación Tecnológica, S.A. (parent company).	Sistemas energéticos Balazote, S.A. (Sole-Shareholder Company)
Gamesa Electric, S.A. (Sole-Shareholder Company)	Sistemas energéticos Fonseca, S.A. (Sole-Shareholder Company)
Especial Gear Transmissions, S.A. (Sole-Shareholder Company)	Sistemas energéticos Serra de Lourenza, S.A. (Sole-Shareholder Company)
Gamesa Energía, S.A. (Sole-Shareholder Company)	Sistemas energéticos Sierra de Valdefuentes, S.L. (Sole-Shareholder Company)
Cametor, S.L. (Sole-Shareholder Company)	Sistemas energéticos Sierra del Carazo, S.L. (Sole-Shareholder Company)
Gamesa Nuevos Desarrollos, S.A. (Sole-Shareholder Company)	Sistemas energéticos Monte Genaro, S.L. (Sole-Shareholder Company)
Gamesa inversiones energéticas renovables, S.C.R.	Sistemas energéticos Argañoso, S.A. (Sole-Shareholder Company)
International Windfarm Development II, S.L.	Sistemas energéticos Carril, S.A. (Sole-Shareholder Company)
International Windfarm Development III, S.L.	Sistemas energéticos Jaralón, S.A. (Sole-Shareholder Company)
International Windfarm Development IX, S.L.	Sistemas energéticos Lomas del Reposo, S.A. (Sole-Shareholder Company)
International Windfarm Development IV, S.L.	Gamesa Energía Galicia, S.A. (Sole-Shareholder Company)
International Windfarm Development V, S.L.	Sistemas energéticos Tarifa, S.A. (Sole-Shareholder Company)
International Windfarm Development VI, S.L.	International Windfarm Development VII, S.L.

In 2010 the subsidiaries Gamesa Eólica, S.L. (Sole-Shareholder Company), Gamesa Innovation and Technology, S.L. and Estructuras Metálicas Singulares, S.A. resolved to be taxed under the Navarre consolidated tax regime. Gamesa Eólica, S.L. (Sole-Shareholder Company) is the Parent of this tax group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated federal income tax returns in the US. Gamesa Technology Corporation, Inc is the Parent of this tax group.

The other consolidated companies file individual tax returns.

The difference between the tax charge allocated to each year and the tax payable for that year, recognised in “Deferred Tax Assets” and “Deferred Tax Liabilities” on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2011 and 2010, arose as a result of the following noteworthy circumstances:

- 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, as 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 different accounting and tax methods for recognising income and expenses by reference to the stage of completion at the companies taxed in the US.

The breakdown of income tax between current tax and deferred taxes is as follows:

	Thousands of euros	
	2011	2010
Current tax	19,132	46,094
Deferred taxes (Note 23)	(1,032)	(61,401)
Income tax expense (income)	18,100	(15,307)

The income tax expense (income) for 2011 and 2010 was determined as follows:

	Thousands of euros	
	2011	2010
Consolidated profit before tax	69,795	35,362
Permanent differences:		
- Exemption of gains from the sale of wind farms	(63,737)	(47,371)
- Assignment of intangible assets	(57,575)	(49,904)
- Impairment of Windar Renovables, S.L. (Note 11)	-	15,000
- Profit/(loss) from companies consolidated using the equity method (Note 11)	(146)	(2,052)
- Dividends	-	-
- Other permanent differences	13	38,694
Adjusted accounting profit	(51,650)	(10,271)
Gross tax calculated using the tax rate in force in each country (*)	2,754	(2,452)
Tax credits income tax settlement adjustment	(14,457)	(16,520)
Adjustment of tax liquidation prior year	5,004	3,038
Regularization of tax balances	24,799	627
Tax effect of retained earnings (Note 2.f)	-	-
Expense/(revenue) accrued on Corporate income tax.	18,100	(15,307)

(*) 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. When calculating the gross tax the effect of tax-loss carryforwards for the year from certain subsidiaries have not been taken into account since there are doubts that they may be realised.

As permitted under the applicable provincial income tax legislation, the gain obtained on the sale of wind farms by the subsidiary Gamesa Energía, S.A. (Sole-Shareholder Company), which is subject to the special tax regime for venture promotion companies, is not taxed.

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

Under current legislation, tax losses can be carried forward for tax purposes for offset against the taxable profits that will foreseeably arise in the future periods provided for in each applicable legislation. In this connection, the various GAMESA Group companies have EUR 24,650 thousand in tax-loss carryforwards available for offset in future years (31 December 2010: EUR 14,642 thousand). They also have unused tax credits amounting to EUR 106,034 thousand (31 December 2010: EUR 105,390 thousand) (see Note 23).

"Income Tax on Profit from Continuing Operations" in the accompanying consolidated income statement for 2011 includes a charge of EUR 24,799 thousand, mainly due to the recognition of an adjustment of deductions generated in prior years based on recovery projections and EUR 5,004 thousand relating to the difference between the income tax for 2011 estimated by the various Group companies and the tax returns actually filed mainly in relation to the adjustment of deferred tax assets and unused tax credits (2010: EUR 3,038 thousand).

At 31 December 2011, the GAMESA Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised accredited tax loss carryforwards amounting to approximately EUR 5,215 thousand (31 December 2010: EUR 3,590 thousand) and tax deductions amounting to approximately EUR 17,701 thousand (31 December 2010: 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 deemed to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitation period has expired. At 2011 year-end, in Spain the Group had all years since 2008 open for review for income tax and all years since 2009 for the other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled and, consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material effect on the accompanying consolidated financial statements.

27. Obligations and guarantees to third parties-

At 31 December 2011, the GAMESA Group had received guarantees from banks and insurance companies that were provided to third parties amounting to EUR 1,705,061 thousand (2010: EUR 1,478,653 thousand). The detail, by type, of the guarantees received by the GAMESA Group is as follows:

	Thousands of euros	
	2011	2010
Financing guarantees	73,562	94,878
Business contract guarantees	1,433,799	1,252,803
Guarantees provided to the government	197,700	130,972
Total	1,705,061	1,478,653

The GAMESA Group considers that the liabilities, if any, which might arise from the obligations and guarantees shown in the table above additional to those for which provisions had been recognised at 31 December 2011 and 2010 would not be material.

28. Income and expenses

a) Revenue and other operating income -

The detail of these line items in the 2011 and 2010 consolidated income statements is as follows:

	Thousands of euros	
	2011	2010
Sale of goods (Notes 3.a and b)	2,480,309	2,209,048
Rendering of services	546,307	526,597
Net revenues	3,026,616	2,735,645
Operating grants (Note 3.g)	539	163
Own work capitalised (Notes 3.d and 3.e)	113,603	67,688
Other revenues	5,968	28,066
Other operating income	120,110	95,917

b) Procurements -

The detail of "Procurements" in the consolidated income statements for 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Acquisitions of raw materials and other supplies	2,344,288	2,078,407
Changes in inventories of goods held for resale and raw materials (Note 14)	(29,504)	(75,630)
	2,314,784	2,002,777

c) Staff costs -

The breakdown of this balance in the 2011 and 2010 consolidated income statements is as follows:

	Thousands of euros	
	2011	2010
Wages and salaries:	268,967	227,508
Treasury share incentive plan (Note 18-e)	6,802	3,315
Termination benefits (Note 3.q)	3,476	1,496
Employer social security costs	57,391	48,437
Other welfare expenses:	18,115	14,360
Total	354,751	295,116

The average number of employees and directors in 2011 and 2010, by professional category, was as follows:

Categories	2011	2010
Directors	10	10
Senior management	16	16
Senior executives	83	77
Management personnel	4,192	3,059
Other employees	3,717	3,571
Total	8,018	6,733

Also, the headcount at the end of 2011 and 2010, by category and gender, was as follows:

	2011		
	Male	Female	Total
Directors	8	2	10
Senior management	9	-	9
Senior executives	89	10	99
Management personnel	3,446	1,094	4,540
Other employees	2,856	853	3,709
Total	6,409	1,958	8,367

	2010		
	Male	Female	Total
Directors	9	1	10
Senior management	14	2	16
Senior executives	69	8	77
Management personnel	2,344	815	3,159
Other employees	2,718	938	3,656
Total	5,154	1,764	6,918

After receiving a report from the Nominations and Compensation Committee the Board of Directors held a meeting on 14 December 2011 and adopted a resolution to reduce senior management to nine members.

The average number of employees at the Group in 2011 and 2010, with a disability equal to or greater than 33%, by category, was as follows:

Categories	2011	2010
Management personnel	1	5
Other employees	18	13
Total	19	18

d) Other operating expenses -

The breakdown of this balance in the 2011 and 2010 consolidated income statements is as follows:

	Thousands of euros	
	2011	2010
Rent and royalties	57,986	45,833
Repair, upkeep and maintenance expenses	28,409	17,184
Independent professional services	46,131	81,966
Vehicles	13,903	38,057
Insurance	20,483	32,455
Bank and similar services	16,269	9,323
Advertising, publicity and public relations	7,572	3,939
Utilities	22,804	21,230
Travel expenses	43,303	28,610
Telecommunications	5,933	5,840
Security	2,399	2,405
Cleaning	3,075	2,619
Outsourcing	53,251	36,797
Taxes	11,944	6,252
Other ordinary expenses	27,600	26,602
	361,062	359,112

In 2007 and 2006 the GAMESA Group sold certain properties owned by it for their 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 properties which were considered to be operating leases, since they meet the requirements to be considered as such (see Note 3.j). The term of these leases is between ten and twelve years. The monthly charge in 2011 to the accompanying consolidated income statement for the leases on these properties amounted to approximately EUR 184 thousand (2010: EUR 174 thousand).

At 31 December 2011, the future minimum lease payments under non-cancellable operating leases arranged by the GAMESA Group totalled approximately EUR 29,321 thousand (31 December 2010: EUR 29,529 thousand). The due dates for the operating lease instalments that cannot be cancelled are as follows:

2011	Thousands of euros		
	2012	2013-2017	+2017
Operating lease instalments that cannot be cancelled	7,337	20,371	1,583

2010	Thousands of euros		
	2011	2012-2016	+2016
Operating lease instalments that cannot be cancelled	7,638	17,675	4,216

At 31 December 2011, the Company had recognised EUR 4,000 thousand under "Long-Term Deposits and Guarantees" (see Note 13-b) in respect of existing leases (2010: EUR 5,546 thousand).

e) Depreciation and amortisation charge and provisions -

The breakdown of this balance in the 2011 and 2010 consolidated income statements is as follows:

	Thousands of euros	
	2011	2010
Property, plant and equipment depreciation charge (Note 10)	70,132	69,865
Intangible asset amortisation charge (Note 9)	28,862	32,669
Depreciation/amortization	98,994	102,534
Change in operating provisions for warranties and other (Note 22)	95,644	100,379
Change in write-downs of inventories (Note 14)	31,129	2,898
Change in other operating allowances and provisions	7,096	2,863
Allowances	133,869	106,140
Depreciation and provisions	232,863	208,674

f) Finance -

The breakdown of this balance in the 2011 and 2010 consolidated income statements is as follows:

	Thousands of euros	
	2011	2010
Profits on available-for-sale assets	73	386
Other finance and similar income	14,684	17,317
	14,757	17,703

g) Finance costs -

The breakdown of this balance in the 2011 and 2010 consolidated income statements is as follows:

All derivative financial instruments have been efficient in 2011 and 2010.

	Thousands of euros	
	2011	2010
Finance and similar costs (Note 20)	73,457	57,806
Transfer of gains/losses on hedges of cash flows (Note 21)	7,429	9,512
	80,886	67,318

Capitalised interest in 2011 and 2010 totalled EUR 6,470 thousand and EUR 3,491 thousand, respectively. The average capitalisation rates used in 2011 and 2010 were 3.8% and 2.86% respectively.

29. Remuneration of directors

In 2011 the directors of GAMESA earned attendance fees, wages and salaries and other income amounting to approximately EUR 3,268 thousand (2010: EUR 3,037 thousand). The detail of the aforementioned amount is as follows:

	Thousands of euros	
	31.12.11	31.12.10
Directors -		
Type of remuneration -		
Fixed compensation	1,969	1,931
Variable compensation	848	609
Per diems	321	331
Bylaw-stipulated directors' emoluments	135	135
Transactions involving shares and/or other financial instruments	-	-
Other benefits -	3,273	3,006
Prepayments	-	-
Loans granted	-	-
Pension funds and plans: Contributions	-	-
Pension funds and plans: Contractual obligations	-	-
Life insurance premiums	37	31
Guarantees given for directors	-	-
	3,310	3,037

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

Fixed compensation in 2011 is the same as 2010 and the increase in the total figure accrued is due to the appointment of new positions to the Board in 2010, which have been held for all of 2011. In addition, within the EUR 848 thousand for the variable compensation for the CEO, both the annual variable compensation accrued and the amount for the Stock Plan approved by Shareholders (Note 18) associated with the attainment of the objectives for the period 2009-2011 (settled early on 30 May 2011) and the Long-term stock incentive plan 2011-2013, which will be settled in 2014 in accordance with the extent to which objectives have been effectively met.

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

	Thousands of euros	
	31.12.11	31.12.10
Type of director-		
Executives	1,999	1,759
Non-executive proprietary directors	242	274
Non-executive independent directors	753	639
Other non-executive directors	316	365
	3,310	3,037

At 2011 year-end the members of the Board of Directors of Gamesa Corporación Tecnológica, S.A. and certain persons related to them as defined in the Spanish Limited Liability Companies Law held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's object. Also, following is a detail of the positions held and functions discharged at those companies:

Owner	Investee company	Activity	Number of shares	Function
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electricity industry	30,284,584	None
IBERDROLA, S.A.	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	None
	Scottish Power Limited	Electricity industry	106,197,793	None
Rubio Reinoso, Sonsoles	Iberdrola, S.A.	Electricity industry	9,327	Director of Internal Audit of the Renewable Business.
Fernández-Lerga, Carlos	Iberdrola, S.A.	Electricity industry	560	None

Mr. Santiago Bergareche Busquet, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until 11 February 2011 owns four thousand eight hundred fifty six (4,856) shares in the company. He directly owns one hundred and one shares (101) and indirectly four thousand seven hundred and fifty five (4,755) shares.

Mr. Pedro Velasco Gómez, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until 14 December 2011 owns one thousand five hundred and nineteen (1,519) shares in the company and was at that date the Director of Non-Energy Businesses and Assets at IBERDROLA, S.A.

Mr. José Miguel Alcolea Cantos, the natural person representative of IBERDROLA, S.A. on the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until 14 December 2011 does not own any shares in the Company and he was the Director of Legal Services for the businesses carried out by IBERDROLA, S.A., a significant shareholder of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

The members of the Board of Directors were affected by the following conflicts of interest in 2011:

- IBERDROLA, S.A.: In accordance with the procedure established in Article 35 of the Board of Directors Regulations for GAMESA CORPORACIÓN TECNOLÓGICA, S.A., when the Board has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, it did not participate in the deliberation, voting, decision and execution of the resulting resolution.

This occurred at the Board meetings held on 19 July 2011 and 14 December 2011.

- Velasco Gómez, Pedro In accordance with the procedure established in Article 35 of the Board of Directors Regulations for GAMESA CORPORACIÓN TECNOLÓGICA, S.A., when the Board and the Audit and Compliance Committee has deliberated and adopted any resolutions relating to operations with IBERDROLA, S.A. and/or group companies, he did not participate in the deliberation, voting, decision and execution of the resulting resolution.

This occurred at the Audit and Compliance Committee meetings held on 21 July 2011 and 13 December 2011 and the Board meeting held on 19 July.

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

30. Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to senior management, excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed above) amounted to EUR 4,378 thousand in 2011 (2010: EUR 8,109 thousand). The compensation paid or payable to members of senior management for past employment services is set out in the following table:

	Thousands of euros	
	2011	2010
Employee salaries and other short-term compensation	3,398	5,901
Termination benefits:	-	656
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	980	1,552
Total	4,378	8,109

Furthermore, the heading "Share-based payments" under Senior management compensation includes both the Long-term Incentive Plan 2009-2011 and the Long-term Incentive Plan 2011-2013, which will be settled in 2014 based on the effective compliance with the objectives established.

In 2011 and 2010 there were no transactions with executives other than those carried out in the ordinary course of business.

31. Related party balances and transactions

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them in 2010 were eliminated on consolidation. The detail of the transactions with related companies and associates and companies that are related parties which were not eliminated on consolidation in 2011 and 2010 is as follows:

2011	Thousands of euros			
	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 17 and 18)	369,311	250,324	553,995	4,914
Windar Renovables, S.L. and subsidiaries (Note 11)	221	27,612	4,649	97,888
TOTAL	369,532	277,936	558,644	102,802

2010	Thousands of euros			
	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 17 and 18)	173,320	67,105	993,958	7,548
Windar Renovables, S.L. and subsidiaries (Note 11)	230	46,156	65,188	116,245
TOTAL	173,550	113,261	1,059,146	123,792

Strategic agreement with Iberdrola Renovables, S.A. 2009

In 2009 GAMESA and Iberdrola Renovables, S.A. (a subsidiary of Iberdrola, S.A.) agreed on the definitive structure for the implementation of the strategic agreement between the two parties entered into in 2008 for the pooling of the wind farm promotion, development and operation businesses of GAMESA and Iberdrola Renovables, S.A. in Spain and in certain European countries.

In general terms, until 30 June 2011, GAMESA and Iberdrola Renovables, S.A. continued to manage their respective wind power projects autonomously. Starting on 1 July 2011, both parties could have exercised at any time during six months, a put or call option on Gamesa Group's businesses. If at the deadline for exercising these options none of the parties exercised this Strategic Agreement it would be automatically terminated.

The strategic agreement could have been implemented through one of the following two alternatives, at the discretion of Iberdrola Renovables, S.A.:

- Acquisition by Iberdrola Renovables, S.A. of the GAMESA Group businesses through a cash payment determined by investment banks appointed by the parties.
- Pooling the businesses of the GAMESA Group and of Iberdrola Renovables through an SPV in which Iberdrola Renovables holds a 75% interest and the GAMESA Group a 25% interest. The contributions of the parties would be measured by investment banks appointed for such purpose.

GAMESA and Iberdrola Renovables, S.A. grant each other cross options on the businesses of GAMESA. If neither of the parties has exercised their respective options once the exercise period has expired, the strategic agreement would be automatically terminated. The pooling of the businesses would also involve the grant of cross put and call options between the parties on GAMESA's ownership interest in the share capital of the SPV. These options are exercisable from the third year after which the businesses have been pooled.

The sale and transfer of the GAMESA businesses or, where appropriate, the pooling of the businesses, would require compliance with certain conditions, such as the obtainment of authorisation in matters of Competition Law which, as the case may be, may be required, and the obtainment of the necessary authorisation and consent from third parties.

On 27 July 2011, GAMESA and Iberdrola, S.A. concluded an agreement under which they decided not to exercise the options, declared them cancelled and the Strategic Agreement terminated which definitively means that the wind energy business combination established under the Strategic Agreement will not take place.

Agreements relating to the Generation business:

On 26 October 2005, the GAMESA Group executed a new framework agreement with Iberdrola Renovables, 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. 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. At 31 December 2008 the deadline for start-up was set for December 2009; however in 2009 this deadline was extended to December 2010, allowing for further extensions. 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 basis of the update made. At 31 December 2011 this agreement was terminated together with the termination of the Strategic Agreement.

Agreements relating to the Manufacturing business:

As part of GAMESA's business plan to focus on strategic markets in order to position itself as the preferred supplier of its major customers, on 13 June 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) and Iberdrola Renovables, S.A. entered into 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. On 17 December 2009, GAMESA and Iberdrola Renovables, S.A. approved a number of amendments to the original agreement and updated several of its clauses, including those concerning price-setting, penalties and delivery schedules, and also developed it to include the cases in which the agreement could be terminated due to a change of control of the Group.

Through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company), on 21 December 2011 Gamesa and Iberdrola, S.A. concluded a framework agreement relating to the supply and maintenance of wind turbines. Under that agreement, Gamesa and Iberdrola, S.A. have assumed the following commitments:

- Iberdrola, S.A shall acquire from Gamesa Group a quota of megawatts equivalent to 50% of the total on-shore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the Framework Agreement.

This commitment will be in force between 1 January 2013 and 31 December 2022 or the date on which the number of megawatts acquired by Iberdrola Group from Gamesa Group under the Framework agreement totals 3,800, whichever occurs first.

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

- Gamesa and Iberdrola, S.A will closely collaborate with new opportunities relating to the offshore wind business.
- Gamesa and Iberdrola, S.A will collaborate within the area of maintenance services so that Gamesa Eólica will become a company of reference with respect to wind farm maintenance throughout Iberdrola's business. In particular, the following agreements have been reached:
 - (a) Establish new areas of study and analysis for the rendering of maintenance services by Gamesa to Iberdrola, particularly the rendering of those services in the United States, the sale and installation of wind turbine reliability improvements or the extension of their useful lives and the conversion and update of wind turbine models.
 - (b) The extension of current maintenance services in the following terms:
 - i. Award Gamesa maintenance services for 503 MW of capacity involving G5x and G4x wind turbines outside of warranty for 3 years at wind farms located in Albacete and Cuenca.
 - ii. Contract Gamesa for 3 years starting on 1 January 2012 to render maintenance services for 584 G47 machines (380 MW) and 1,018 G5x machines (865.3 MW) that are currently covered by the operation and maintenance agreement dated 1 January 2009 that ends on 31 December 2011.
 - iii. Extend the operation and maintenance agreement relating to the maintenance of 1,156 G8x (2,312 MW) wind turbines out of warranty at wind farms in Spain and Portugal for an additional 1 year until 31 December 2012.

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

On 25 June 2007, GAMESA (through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company) entered into an agreement with Windar Renovables, S.L. for the supply of tower sections. At the date of preparation of these consolidated financial statements, GAMESA and Windar Renovables, S.L. were negotiating the new terms of the supply agreement, without this affecting the normal course of its commercial operations.

32. Other disclosures

a) Financial position-

As indicated in Note 20, at 31 December 2011, GAMESA Group had been granted loans and undrawn credit facilities that accounted for 38.67% of the total financing granted to it (31 December 2010: 62.26%). 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 2012 are fully covered.

b) Disclosures on the payment periods to suppliers-

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

Payments made and pending payment as the balance sheet closing date	Thousands of euros	%
Payments during the year within the maximum legal limit	292,409	38%
Other	467,850	62%
Total payments during the year	760,259	100%
Average excess payment period (days)	24	
Balance pending payment at the year-end that exceeds the maximum legal limit	78,142	

In relation to the disclosures required by Additional Provision Three of Law 15/2010, of 5 July, at 31 December 2010, EUR 22,674 thousand of the balance payable to suppliers were past due by more than the maximum payment period.

This balance relates to the suppliers of the Spanish consolidated companies that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Trade and Other Payables", "Trade Payables to Related Companies" and "Other Payables – Other Current Liabilities" under "Current Liabilities" in the consolidated balance sheet.

The maximum payment period applicable to the Spanish companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions and pursuant to the transitional provisions contained in Law 15/2010, of 5 July, is 85 days in the period between the entry into force of the Law and 31 December 2011.

33. Fees paid to auditors

In 2011 and 2010 the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements, (PricewaterhouseCoopers, S.L. in 2011 and Deloitte, S.L. in 2010, or by firms in the their organisations), and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

2011	Thousands of euros	
	Services rendered by PwC	Services provided by other audit firms
Audit services	1,149	69
Other attest services	9	32
Total audit and related services	1,158	101
Tax counselling services	-	418
Other services	35	1,711
Total services other companies in the network	35	2,129
Total professional services	1,193	2,230

2010	Thousands of euros	
	Services rendered by Deloitte	Services provided by other audit firms
Audit services	1,434	155
Other attest services	17	542
Total audit and related services	1,451	697
Tax counselling services	82	296
Other services	184	1,272
Total services other companies in the network	266	1,568
Total professional services	1,717	2,265

34. Earnings per share

At 31 December 2011 the average number of ordinary shares used in the calculation of earnings per share is 247,289,984 shares (247,289,984 shares at 31 December 2010) (Note 18.a), given that in 2011 GAMESA has held an average of 3,206,984 treasury shares (3,182,577 in 2010) (Note 18.e).

The basic earnings per share from continuing operations attributable to the Parent in 2011 and 2010 were as follows:

	2011	2010
Net profit from continuing operations attributable to the Parent (thousands of euro)	51,112	50,192
Average number of shares outstanding	244,083,000	244,107,407
Basic earnings per share from continuing operations (euro)	0.2094	0.2056

At 31 December 2010 and 2010, 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.

35. Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following, among others, 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
Standards, amendments and interpretations:		
Approved for use by the EU		
IFRS 7 (Revised).	Disclosures- Transfer of financial assets	1 July 2011
Not yet approved for use in the European Union		
IFRS 1 (Revised).	Severe hyperinflation and the elimination of set dates applicable to first-time adopters	1 July 2011
IAS 12 (Revised)	Deferred taxes: recovery of underlying assets	1 January 2012
IAS 1 (Revised)	Presentation in financial statements	1 July 2012
IFRS 9	Financial instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IAS 27 (Revised)	Separate financial statements	1 January 2012
IAS 28 (Revised)	Investments in associates and joint ventures	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (Revised)	Employee benefits	1 January 2013

The Directors are reviewing the potential impact of the future application of these standards:

IFRS 11 "Joint Arrangements".

IFRS 11 provides an accounting treatment for joint agreements based on the rights and obligations deriving from the agreement and not on its legal format. The types of joint agreements are reduced to two: joint operations and joint ventures. Joint operations mean that a participant has direct rights to the assets and obligations deriving from the agreement and therefore recognises its share in proportion to the assets, liabilities, revenues and expenses recorded by the company in which the interest is held. Joint ventures arise when a participant has the right to the results obtained or to the net assets of the company in which the interest is held and therefore uses the equity method to recognise its stake in the company. Stakes in joint ventures may no longer be recognised using the proportional consolidation method.

This amendment is mandatory for all years commencing as from 1 January 2011. The changes in accounting treatment required by IFRS 11 are reflected at the start of the oldest period presented in the financial statements. The standard contains a specific guide as to how to transition from the proportional method to the equity method and vice-versa.

Early application of IFRS 11 is allowed, provided that IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosures of interests in other entities", IAS 27 (revised in 2011) "Separate financial statements" and IAS 28 (revised in 2011) "Investments in associates and joint ventures" are applied at the same time. At the date these consolidated annual accounts were prepared this standard had yet to be adopted by the European Union.

The impact of recognising joint ventures using the equity method would give rise to a reduction in the total assets of approximately EUR 1 million.

IFRS 7 (Revised) "Disclosures – Transfers of financial assets"

The amendment of IFRS 7 requires that additional disclosures be made of exposure to risk deriving from financial assets transferred to third parties. It requires risk assessment and benefits be included with respect to transactions that do not qualify for the elimination of financial assets, and the identification of the associated financial liabilities and the details of information regarding transactions that did qualify for the elimination of financial assets increased: the result generated by the transaction, risks and remaining benefits and their initial and future recognition, and the estimated fair value of the "continued involvement" recognised in the balance sheet. Among others, this modification would affect the sale transactions involving financial assets, factoring agreements, financial asset securitisation and securities loan agreements.

This amendment will have an impact on the information to be disclosed in the cases of transfers of financial assets.

IAS 1 (Revised), "Presentation of financial statements"

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

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

This amendment will have an impact on the presentation of the other statement of comprehensive income.

IFRS 9, "Financial instruments"

The issue of IFRS "Financial Instruments" in November 2009 represented the first step in the IASB's project to replace IAS 39, "Financial Instruments": Recognition and measurement". IFRS 9 simplifies the accounting for financial assets and introduces new requirements for their classification and measurement. It requires that the financial assets that are maintained primarily to hedge cash flows that represent the payment of principal and interest are measured at amortised cost, while all other financial assets, including those held for trading, are measured at fair value. Accordingly, a value impairment model is only required for the financial assets recognised at amortised cost. In October 2010 the IASB updated the content of IFRS 9 to include the criteria to recognise and subsequently measure financial liabilities and the criteria for eliminating of financial instruments. The previous requirements of IAS 39 have not been modified in this respect, except with respect to the subsequent recognition of financial liabilities measured at fair value through changes in profit and loss. With respect to these items, changes in fair value deriving from the consideration of credit risk are to be recognised as revenues and expenses directly under equity. The amounts recorded under equity are not taken to the income statement, although they may be reclassified to other equity headings. However, if at the time of the initial recognition of these liabilities it is determined that such recognition would give rise to a mismatch with the measurement of the associated financial assets, all changes in value would be taken to the income statement. For the moment, the current requirements of IAS 39 with respect to the impairment of financial assets and the accounting of hedges continue to be applicable.

IFRS 10, "Consolidated financial statements".

IFRS 10 introduces changes in the concept of control, which continues to be defined as a determining factor as to whether or not the company should be included in the consolidated financial statements. IFRS 10 replaces the guidelines regarding control and consolidation established in IAS 27 "Consolidated and separate financial statements" and eliminates SIC 12 "Consolidation - Special purpose entities"

In order for control to exist, two elements of power over a company and variable yields must be present. Power is defined as the capacity to direct the activities of a company in a manner that significantly affects its performance. The standard provides an extensive application guide for those cases in which it is difficult to determine whether or not control exists, for example, when an investor holds less than one-half of the voting rights in a company. The concept of unity between a parent company and its subsidiaries for the purposes of consolidated financial statements and consolidation procedures have not changed with respect to the previous IAS 27.

IFRS 12 "Disclosure of interests in other entities".

IFRS contains the disclosure requirements for companies that report under the new IFRS 10 "Consolidated financial statements" and the new IFRS 11 "Joint arrangements". In addition, it replaces the disclosure requirements previously included in the former IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures". Under IFRS 12 disclosures must include information that allows users of the financial statements to evaluate the nature, risks and financial effects associated with the company's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Among other requirements disclosures must contain:

- Significant assumptions and judgments used when determining the existence of control, joint control or significant influence.
- The composition of the group, including the participation of non-controlling interest in the Group's activities and its cash flows.
- The risks associated with the consolidated structured entities, for example, agreements that may require the group to provide financial assistance to the entity.
- The accounting of transactions with non-controlling interests in situations in which control over the subsidiary is maintained or lost.
- Shareholdings in associates and joint arrangements (similar to the requirements of the previous IAS 28).
- Information regarding the nature, purpose, size, activities and financing of unconsolidated structured entities, financial information regarding the entity (revenues, assets), information regarding the assets and liabilities recognised in the balance sheet that relate to these structured entities, maximum losses that may arise from the interest and the financial assistance rendered to the entity or if there is any current intention to provide such assistance.

IAS 27 (Revised) "Separate financial statements".

The requirements previously established in IAS 27 with respect to the preparation of consolidated financial statements are included in the new IFRS 10 and therefore the former's scope of application is reduced to the accounting for investments in subsidiaries, joint ventures and associates in the individual financial statements under IFRS prepared by the investing company, which have not been changed with respect to the preceding legislation (i.e. recognition at cost of fair value according to the requirements of IFRS 9).

IAS 28 (Revised) "Investments in associates and joint ventures".

IAS 28 has been updated to include references to the joint ventures, which under IFRS 11 "Joint arrangements" have to be recognised using the equity method. Simultaneously information regarding the following aspects has been added:

- Accounting treatment of instruments that provide potential voting rights.
- Measurement of shareholdings in associates and joint ventures in the hands of venture capital companies, mutual companies and other similar entities.
- Accounting treatment when the shareholding in an associate or joint venture is reduced by the equity method continues to be applicable.
- Accounting treatment of the contribution of a non-monetary asset to an associate or joint venture in exchange for receiving a share in the company's equity.

IFRS 13 "Fair value measurement".

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

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

IAS 19 (Revised) "Employee benefits".

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

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

36. Events Subsequent to Year-End

There are no significant events that took place after the year end that have not been disclosed in the consolidated financial statements.

**COMPANIES COMPOSING THE GAMESA GROUP
AT 31 DECEMBER 2011**

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
FULLY CONSOLIDATED COMPANIES							
A) GAMESA ENERGÍA GROUP							
Gamesa Energía, S.A. Sole-Shareholder Company	Development of windfarms	PWC	Vizcaya	100%	35,491	399,272	(22,831)
A.1 Wind farms							
• Development of wind farms							
Gamesa Inversiones Energéticas Renovables, S.C.R. de Régimen Simplificado, S.A.	Development of windfarms	PWC	Vizcaya	100%	1,200	965	9,135
Gamesa Energía Italia, S.P.A.	Development of windfarms	PWC	Italy	100%	570	1,732	(2,262)
Gamesa Energiaki Hellas, A.E.	Development of windfarms	PWC	Greece	100%	234	(696)	(563)
Gamesa Energía Portugal, S.A.	Development of windfarms	PWC	Portugal	100%	475	1,024	(1,166)
Gamesa Energie France, E.U.R.L.	Development of windfarms	Deloitte	France	100%	60	(3,040)	(3,197)
Parques Eólicos del Caribe, S.A.	Development of windfarms	PWC	Dominican Republic	57%	918	(499)	(182)
Navitas Energy, Inc.	Development of windfarms	PWC	USA	97%	252	(6,403)	(1,089)
Gamesa Energy Romania, Srl	Development of windfarms	-	Romania	100%	-	(1,390)	(1,248)
Whitehall Wind, LLC	Operation of windfarms	-	USA	100% Navitas	-	-	-
Gamesa Energía Polska Sp. Zoo	Development of windfarms	PWC	Poland	100%	112	(524)	(1339)
Gamesa Energy UK, Ltd.	Development of windfarms	PWC	UK	100%	-	(2,763)	(2,675)
Wind Portfolio Holdings, LLC (*)	Development of windfarms	-	USA	100%	-	-	-
Wind Portfolio SponsorCo, LLC (*)	Development of windfarms	-	USA	100%	-	-	-
Gamesa Energie Deutschland, GmbH	Development of windfarms	PWC	Germany	100%	575	(1,982)	(898)
GERR, Grupo Energético XXI, S.A Sole-Shareholder Company	Development of windfarms	-	Barcelona	100%	1,605	(2,381)	(2,089)
International Wind Farm Developments II, S.L.	Development of windfarms	-	Vizcaya	100%	3	(74)	(194)
International Wind Farm Developments III, S.L.	Development of windfarms	-	Vizcaya	100%	3	(35)	(49)
International Wind Farm Developments IX, S.L.	Development of windfarms	-	Vizcaya	100%	3	(2)	(122)
Gamesa Bulgaria EOOD	Development of windfarms	PWC	Bulgaria	100%	3	(498)	(543)
International Wind Farm Development IV S.L. (*)	Development of windfarms	-	Vizcaya	100%	3	-	(1)
International Wind Farm Development V S.L. (*)	Development of windfarms	-	Vizcaya	100%	3	-	(1)
International Wind Farm Development VI S.L. (*)	Development of windfarms	-	Vizcaya	100%	3	-	(1)
International Wind Farm Development VII S.L. (*)	Development of windfarms	-	Vizcaya	100%	3	-	(1)
Gamesa Energy Sweden AB (*)	Development of windfarms	-	Sweedden	100%	5	310	(296)
• Operation of wind farms							
Baileyville Wind Farm, LLC	Operation of windfarms	-	USA	97%	-	-	-
Windfarm 33 GmbH	Operation of windfarms	-	Germany	100%	25	(2)	-
Windfarm Thransheide GmbH	Operation of windfarms	-	Germany	100%	25	(2)	(16)
Windfarm 35 GmbH	Operation of windfarms	-	Germany	100%	25	(1)	(2)
Windfarm Sarow GmbH	Operation of windfarms	-	Germany	100%	25	(2)	(6)
Windfarm 38 GmbH	Operation of windfarms	-	Germany	100%	25	(2)	-
Windfarm 39 GmbH	Operation of windfarms	-	Germany	100%	25	(2)	-
Windfarm 40 GmbH	Operation of windfarms	-	Germany	100%	25	(2)	-
Windfarm 41 GmbH	Operation of windfarms	-	Germany	100%	25	(2)	-
S.E. Balazote, S.A. Sole-Shareholder Company	Operation of windfarms	-	Toledo	100%	61	(8)	(2)
S.E. Cabezo Negro, S.A. Sole-Shareholder Company	Operation of windfarms	-	Zaragoza	100%	61	(917)	(61)
SAS SEPE du Mont de Chatillon	Operation of windfarms	-	France	100%	4	24	(2)
SAS SEPE de la Pomarede	Operation of windfarms	-	France	100%	4	20	(2)
SAS SEPE du Plateau	Operation of windfarms	-	France	100%	4	17	(2)
SAS SEPE D´ Atlantia	Operation of windfarms	-	France	100%	4	24	(1)
SAS SEPE de Meuse et Mouzon	Operation of windfarms	-	France	100%	4	24	(2)
PETAF - Energia Eolica Sociedade Unipessoal Lda	Operation of windfarms	-	Portugal	100%	5	(2)	-
Sistemas Energéticos La Plana, S.A.	Operation of windfarms	ATTEST	Zaragoza	90%	421	2,152	925

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
Sistemas Energéticos Ferrol Nerón, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	(26)	(19)
Sistemas Energéticos La Jimena, S.A.	Operation of windfarms	-	Soria	60%	313	(290)	(53)
Sistemas Energéticos Barandón, S.A.	Operation of windfarms	-	Valladolid	100%	61	(4)	-
Elliniki Eoliki Energiaki, A.E.	Operation of windfarms	PWC	Greece	86%	69	(35)	(140)
Eoliki Peloponissou Lakka Energiaki A.E.	Operation of windfarms	PWC	Greece	86%	59	(49)	(5)
Eoliki Attikis Energiaki A.E.	Operation of windfarms	PWC	Greece	86%	59	(49)	(5)
Parco Eolico Orune, Srl	Operation of windfarms	-	Italy	100%	30	(18)	(3)
Parco Eolico di Pedru Ghisu, Srl	Operation of windfarms	-	Italy	90%	30	(18)	(4)
Parco Eolico Nevena, Srl	Operation of windfarms	-	Italy	100%	30	(19)	(3)
Parco Eólico Punta Ferru, S.R.L.	Operation of windfarms	-	Italy	90%	30	(8)	(2)
Marsica Vento, S.R.L.	Operation of windfarms	-	Italy	90%	30	(9)	(2)
Sistemas Energéticos Ventorrillo, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(6)	(4)
Eólica Dos Arbolitos, S.A.P.I. de C.V. (*)	Operation of windfarms	-	Mexico	87.5%	-	-	-
Elecdedy Barchín, S.A. (*)	Electricity production	-	Cuenca	100%	200	(3)	(2)
Sistemas Energéticos Carellana, S.A. Sole-Shareholder Company	Operation of windfarms	-	Toledo	100%	61	(5)	-
Sistemas Energéticos Ritobas, S.A. Sole-Shareholder Company	Operation of windfarms	-	Valladolid	100%	61	(3)	-
Sistemas Energéticos de Tarifa, S.L. Sole-Shareholder Company.	Development of windfarms	-	Vizcaya	100%	61	(106)	(111)
Sistemas Energéticos Argañoso, S.L. Sole-Shareholder Company.	Development of windfarms	-	Vizcaya	100%	61	(18)	-
Sistemas Energéticos Odra, S.A. Sole-Shareholder Company.	Operation of windfarms	-	Toledo	100%	61	(4)	-
Sistemas Energéticos Ortegal, S.A.	Operation of windfarms	-	A Coruña	80%	61	(7)	-
Sistemas Energéticos del Sur, S.A.	Operation of windfarms	-	Sevilla	70%	600	(241)	(103)
Sistemas Energéticos Castillejo, S.A. Sole-Shareholder Company.	Operation of windfarms	-	Toledo	100%	61	(4)	-
Sistemas Energéticos los Nietos, S.A. Sole-Shareholder Company.	Operation of windfarms	-	Sevilla	100%	61	(4)	-
Sistemas Energéticos Sierra de Lourenza, S.A. Sole-Shareholder Company	Operation of windfarms	-	Vizcaya	100%	61	(57)	(1)
Sistemas Energéticos Loma del Reposo, S.L. Sole-Shareholder Company	Development of windfarms	-	Vizcaya	100%	61	(11)	-
Sistemas Energéticos La Jauca, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(4)	-
Sistemas Energéticos Edreira, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	2	-
Sistemas Energéticos Del Toro, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	-
Sistemas Energéticos Cañarete, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(4)	-
Sistemas Energéticos El Pertiguero, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(4)	-
Sistemas Energéticos Campoliva, S.A. Sole-Shareholder Company	Operation of windfarms	-	Zaragoza	100%	61	(3)	(5)
Sistemas Energéticos Herrera, S.A. Sole-Shareholder Company	Operation of windfarms	-	Zaragoza	100%	61	(4)	(12)
Sistemas Energéticos Carril, S.L. Sole-Shareholder Company	Development of windfarms	-	Vizcaya	100%	61	(4)	-
Gesacisa Desarrolladora SA de CV	Operation of windfarms	PWC	Mexico	87.5%	6	4	(119)
Sistemas Energéticos Del Zenete, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(4)	-
Sistemas Energéticos Alcohuja, S.A. Sole-Shareholder Company	Operation of windfarms	-	Toledo	100%	61	(12)	(4)
Energiaki Megas Lakkos, S.A.	Operation of windfarms	PWC	Greece	100%	60	(30)	(6)
SAS SEPE de Menetreol Sous Vatan	Operation of windfarms	Deloitte	France	100%	37	(33)	(4)
SAS SEPE des Potences	Operation of windfarms	-	France	100%	4	(15)	(3)
SAS SEPE Serre du Bichou	Operation of windfarms	-	France	100%	4	14	(2)
SAS SEPE Saint Georges de Noigné	Operation of windfarms	Deloitte	France	100%	37	(53)	(3)
SAS SEPE Lingevres	Operation of windfarms	-	France	100%	4	23	(2)
SAS SEPE Corlay Saint Mayeux	Operation of windfarms	-	France	100%	4	9	(2)
SAS SEPE St. Loup de Saintonge	Operation of windfarms	-	France	100%	4	21	(2)
SAS SEPE Villiers Vouille et Yversay	Operation of windfarms	-	France	100%	4	17	(2)
SAS SEPE Souvigne	Operation of windfarms	Deloitte	France	100%	37	(19)	(110)
SAS SEPE Dampierre Prudemanche	Operation of windfarms	Deloitte	France	100%	37	(160)	(7)
SAS SEPE de L'Épinette	Operation of windfarms	-	France	100%	4	17	(2)
SAS SEPE Germainville	Operation of windfarms	Deloitte	France	100%	37	(18)	(3)
SAS SEPE Ecueille	Operation of windfarms	Deloitte	France	100%	4	(36)	(13)
SAS SEPE Janailat at Saint Dizier Leyrenne	Operation of windfarms	Deloitte	France	100%	37	(57)	(3)
SAS SEPE Moreac	Operation of windfarms	Deloitte	France	100%	37	11,459	(11,877)
SAS SEPE Poullan	Operation of windfarms	-	France	100%	4	19	(2)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
SAS SEPE Kaynard	Operation of windfarms	-	France	100%	4	20	(2)
SAS SEPE des 4 Vallés	Operation of windfarms	Deloitte	France	100%	37	(16)	(10)
SAS SEPE Monplaisir	Operation of windfarms	-	France	100%	4	18	(2)
Urgeban Grupo Energético, S.A. Sole-Shareholder Company	Development of windfarms	-	Valencia	100%	300	(251)	-
Ortona Vento, S.R.L.	Operation of windfarms	-	Italy	87.5%	30	(12)	(2)
Monte Selva, S.R.L.	Operation of windfarms	-	Italy	86.5%	30	(12)	(2)
Sistemas Energéticos el Valle, S.L.	Operation of windfarms	-	Navarra	100%	3	-	(1)
Sistemas Energéticos Fonseca, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	(105)	(25)
Sistemas Energéticos del Umia, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	(9)	(6)
Sistemas Energéticos Cuntis, S.A.	Operation of windfarms	-	A Coruña	100%	61	(12)	(4)
Parque Eólico do Pisco, S.A.	Operation of windfarms	-	Portugal	100%	50	(16)	(19)
Sistemas Energéticos La Cámara, S.L.	Operation of windfarms	-	Sevilla	100%	3	-	(2)
Energies Renouvelables Development, S.A.R.L.	Development of windfarms	-	France	100%	9	(16)	-
Sistemas Energéticos Fuerteventura, S.A. Sole-Shareholder Company	Operation of windfarms	-	Canarias	100%	61	(8)	-
Sistemas Energéticos Arico, S.A. Sole-Shareholder Company	Operation of windfarms	-	Canarias	100%	61	(6)	(2)
Sistemas Energéticos Alto de Croa, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	(47)	(6)
Sistemas Energéticos Cabanelas, S.A. Sole-Shareholder Company	Operation of windfarms	-	A Coruña	100%	61	(9)	(2)
Abruzzo Vento, Srl	Construction and operation of windfarms	-	Italy	90%	30	(19)	(6)
Eólica Da Cadeira, S.A.	Development of windfarms	-	A Coruña	65%	60	(40)	(5)
EBV Holding Verwaltung GMBH	Development of windfarms	-	Germany	100%	25	14	-
Stipa Nayaa, Sociedad de Capital Variable	Operation of windfarms	-	Mexico	87.5%	6	179	(4,550)
EBV WP Nr. 29 GmbH & Co. KG	Operation of windfarms	-	Germany	100%	5	(2)	-
EBV WP Nr. 30 GmbH & Co. KG	Operation of windfarms	-	Germany	100%	5	(2)	-
EBV WP Nr. 31 GmbH & Co. KG	Operation of windfarms	-	Germany	100%	5	(2)	-
Gamesa Energía Zaragoza, S.L. Sole-Shareholder Company	Development of windfarms	-	Zaragoza	100%	3	(1)	(6)
Gamesa Energía Teruel, S.L. Sole-Shareholder Company	Development of windfarms	-	Teruel	100%	3	(1)	(9)
Societe Du Parc Eolien de la Valliere	Operation of windfarms	KPMG	France	51%	59	2,366	27
Gamesa Energía Galicia S.L. Sole-Shareholder Company	Development of windfarms	-	Galicia	100%	3	(23)	(9)
Sistemas Energetics Passanant, S.L. Sole-Shareholder Company	Operation of windfarms	-	Barcelona	100%	3	(1)	(2)
Sistema Energético El Olivar, S.L. Sole-Shareholder Company	Operation of windfarms	-	Zaragoza	100%	3	-	(6)
Sistemas Energéticos Boyal, S.L.	Operation of windfarms	-	Zaragoza	59.98%	3	-	(7)
Energiaki Arvanikos, MEPE	Operation of windfarms	-	Greece	100%	5	(63)	(34)
Gesa Energía S.R.L.de CV (*)	Development of windfarms	-	Mexico	100%	-	-	-
Sistema Eléctrico de Conexión Montes Orientales, S.L.	Operation of windfarms	-	Granada	83.29%	45	(6)	-
Sistemas Energéticos Loma del Viento, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Las Canteras, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Los Claveros, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Egea, S.A.Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Sierra de Lucar, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Sierra de Oria, S.A.Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Sierra de las Estancias, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Almirez, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Caniles, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos El Periate, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Mojonera, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Zujar, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Cuerda Gitana, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
Sistemas Energéticos Capellán, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos las Pedrizas, S.A. Sole-Shareholder Company	Operation of windfarms	-	Sevilla	100%	61	(3)	(1)
Sistemas Energéticos Jaralón, S.A. Sole-Shareholder Company	Development of windfarms	-	Vizcaya	100%	61	(218)	(59)
Parco Eolico Piano Di Iopa, S.R.L.	Operation of windfarms	-	Italy	100%	30	(14)	(2)
SAS SEPE de la Souterraine	Operation of windfarms	Deloitte	France	100%	37	(20)	(1)
Energiaki Pilou - Methonis, S.A.	Operation of windfarms	PWC	Greece	100%	60	(49)	(6)
Energiaki Ptoon, S.A.	Operation of windfarms	PWC	Greece	100%	15,753	(240)	(31)
Taciewo sp. Zoo. W Organizacji	Operation of windfarms	PWC	Poland	100%	14	(22)	(49)
Pelplin sp. Zoo. W Organizacji	Operation of windfarms	PWC	Poland	100%	14	(35)	(50)
Southern Windfarm sp. Zoo. W Organizacji	Operation of windfarms	-	Poland	100%	14	(14)	(8)
Vento Artabro, S.A.	Development of windfarms	-	A Coruña	80%	61	(30)	(5)
Xeración Eólica de Galicia S.A.	Development of windfarms	-	Santiago de Compostela	65%	60	(8)	-
Krzecin Sp. Z.o.o.	Operation of windfarms	PWC	Poland	100%	15	(12)	(19)
Parco Eolico Tuturano S.R.L.	Operation of windfarms	-	Italy	100%	30	(8)	(2)
Parco Eolico Prechicca S.R.L.	Operation of windfarms	-	Italy	100%	30	(8)	(2)
Parco Eolico Monte Maggio Scalette S.R.L.	Operation of windfarms	-	Italy	100%	30	(8)	(2)
Zuromin Sp. Z.o.o.	Operation of windfarms	-	Poland	100%	15	5	(265)
Osiek Sp. Z o.o	Operation of windfarms	-	Poland	100%	11	-	(5)
Dzialdowo Sp. Z o.o.	Operation of windfarms	-	Poland	100%	11	-	(5)
Eólica Zopilapan S.A.P.I. de C.V.	Operation of windfarms	-	Mexico	87.5%	-	-	-
Eólica El Retiro S.A.P.I. de C.V.	Operation of windfarms	-	Mexico	87.5%	-	-	-
Sistemas Energéticos Monte Genaro, S.L. Sole-Shareholder Company	Operation of windfarms	-	Vizcaya	100%	3	(1)	-
Sistemas Energéticos Sierra de Valdefuentes, S.L. Sole-Shareholder Company	Operation of windfarms	-	Vizcaya	100%	3	(1)	-
Sistemas Energéticos Sierra del Carazo, S.L. Sole-Shareholder Company	Operation of windfarms	-	Vizcaya	100%	3	(1)	-
Carscreugh Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Harelaw Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Trane Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Shap Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Foel Fynyddau Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Watford Gap Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Aberchalder Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Windfarm Ringstedt II, GmbH	Operation of windfarms	-	Germany	100%	25	(1,371)	(165)
Llynfi Renewable Energy Park Ltd.	Operation of windfarms	-	UK	100%	-	-	-
Llanfynydd Renewable Energy Park Ltd.	Operation of windfarms	-	USA	100%	-	-	-
Coemga Renovables 1 ,S.L. (*)	Operation of windfarms	-	Barcelona	75%	3	-	(1)
Coemga Renovables, S.L. (*)	Operation of windfarms	-	Barcelona	75%	3	-	(1)
Windfarm Gross Hasslow GmbH	Operation of windfarms	-	Germany	100%	25	(607)	(45)
Sistemas Energéticos de Gran Canaria	Operation of windfarms	-	Canarias	100%	3	-	(1)
El Royal Energías Renovables SL (*)	Operation of windfarms	-	Zaragoza	100%	3	-	(6)
Eólica San Bartolomé, SL Sole-Shareholder Company	Operation of windfarms	-	Zaragoza	100%	3	-	(10)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
Jiloca Promociones Eólicas, S.L. (*)	Operation of windfarms	-	Zaragoza	100%	3	-	(13)
Energiaki Maristi MEPE (SLU) (*)	Electricity production	-	Greece	100%	5	-	(1)
Ger Baraganu S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(1)
Ger Bordusani S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(1)
Ger Cerbal S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(2)
Ger Independenta S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(1)
Ger Jirlau S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(2)
Ger Ludus S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(2)
Ger Ponor S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(2)
Ger Pribeagu S.R.L. (*)	Electricity production	-	Romania	100%	-	-	(1)
Lingbo SPW AB (*)	Electricity production	-	Sweeden	80%	273	3,656	(33)
Innovación Eólica de Salamanca S.L. (*)	Electricity production	-	Burgos	78%	6	17	(24)
A.2 Manufacture of WTGSs							
Gamesa Eólica, S.L. Sole-Shareholder Company	Wind-powered facilities	PWC	Navarra	100%	3	409,082	(28,996)
Gamesa Innovation & Technology, S.L. Sole-Shareholder Company	Manufacture of moulds, blades and provision of central services (engineering)	PWC	Navarra	100%	4,355	611,792	43,013
Estructuras Metálicas Singulares, S.A.	Manufacture of wind generator towers	PWC	Navarra	100%	61	5,761	548
Gamesa Wind, GMBH	Wind-powered facilities	PWC	Germany	100%	995	(9,501)	(5,749)
Gamesa Eólica Italia, S.R.L.	Wind-powered facilities	PWC	Italy	100%	100	1,841	(1,177)
Gamesa Wind UK Limited	Manufacturing and holding company	PWC	UK	100%	-	-	(11)
Gamesa Lanka Private Limited	Manufacturing and holding company	PWC	Sri Lanka	100%	39	(3)	(26)
Gamesa Wind Romania, SRL	Development of windfarms	PWC	Romania	100%	-	(2,121)	(8,513)
Gamesa Singapore Private Limited	Manufacturing and holding company	PWC	Singapore	100%	-	(27)	(540)
Gesa Eólica Honduras, S.A.	Manufacturing and holding company	-	Honduras	100%	1	64	898
Gamesa Eólica VE, C.A.	Manufacturing and holding company	-	Venezuela	100%	18	(18)	-
RSR Power Private Limited	Manufacturing and holding company	-	India	100%	2	(1)	8
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	Wind-powered facilities	-	Portugal	100%	960	1,136	719
Gamesa Wind Turbines Private Ltd	Wind-powered facilities	PWC	India	100%	82,768	(6,141)	2,516
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	PWC	China	100%	12,000	25,443	3,571
Gamesa (Beijing) Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	PWC	China	100%	200	(2,891)	(404)
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	PWC	China	100%	8,198	115,882	2,871
Gamesa Trading (Tianjin) Co., Ltd.	Purchase and sale of raw materials (Trader)	PWC	China	100%	49	(17)	(121)
Gamesa Cyprus Limited (*)	Manufacturing and holding company	-	Cyprus	100%	1	-	815
Gamesa New Zeland Limited (*)	Manufacturing and holding company	-	New Zealand	100%	-	16	311
Gamesa Wind Bulgaria, EOOD	Manufacture, construction and operation of wind farms	PWC	Bulgaria	100%	3	712	800
Gamesa Eolica France SARL	Wind-powered facilities	PWC	France	100%	8	3,768	(207)
Gamesa Electric, S.A. Sole-Shareholder Company	Manufacture and sale of electronic equipment	-	Vizcaya	100%	9,395	2,864	223
Cantarey Reinos, S.A. Sole-Shareholder Company	Manufacture of electricity generators	PWC	Cantabria	100%	4,217	24,151	1,910
Enertron, S.L. Sole-Shareholder Company	Manufacture of electronic elements	PWC	Madrid	100%	301	7,978	(24)
Gamesa Wind South Africa PTY LTD (*)	Manufacturing and holding company	-	South Africa	100%	-	-	-
Gamesa Australia PTY, LTD (*)	Manufacturing and holding company	-	Australia	100%	-	-	-
Gamesa Chile SpA (*)	Manufacturing and holding company	-	Chile	100%	-	-	(4)
Gamesa Dominicana, S.A.S. (*)	Manufacturing and holding company	PWC	Dominican Republic	100%	-	-	(7)
Valencia Power Converters, S.A. Sole-Shareholder Company	Manufacture and sale of electronic elements	PWC	Valencia	100%	61	21,047	1,986
Gamesa Energy Transmission, S.A. Sole-Shareholder Company	Manufacture of wind-power components	PWC	Vizcaya	100%	21,660	36,957	3,326
Especial Gear Transmissions, S.A. Sole-Shareholder Company	Manufacture of gear assemblies	PWC	Vizcaya	100%	732	2,661	(370)
Gamesa Burgos, S.A. Sole-Shareholder Company	Iron smelting	PWC	Burgos	100%	1,200	1,291	96
Transmisiones Eólicas de Galicia, S.A. Sole-Shareholder Company	Manufacture of wind-power components	PWC	A Coruña	100%	695	2,104	(61)
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	PWC	Mexico	100%	3	(98)	(1,459)
Gamesa Wind Poland Sp zoo	Wind-powered facilities	-	Poland	100%	13	304	18,348
Parque Eólico Dos Picos, S.L. Sole-Shareholder Company	Operation of windfarms	-	Vizcaya	100%	1,229	21	(15)
Gamesa Morocco, SARL	Wind-powered facilities	-	Morocco	100%	1	262	(221)
Gamesa Wind Energy Services, Ltd	Manufacturing and holding company	-	Turkey	100%	74	(47)	(293)
Gamesa Eólica Costa Rica, S.R.L.	Manufacturing and holding company	-	Costa Rica	100%	-	41	385
Gamesa Wind Sweden, AB	Manufacturing and holding company	PWC	Sweeden	100%	5	52	(2,274)
Gamesa Japan Kabushiki Kaisha	Manufacturing and holding company	-	Japan	100%	18	(10,853)	(232)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
Gamesa Wind Hungary KTF	Manufacturing and holding company	PWC	Hungary	100%	12	1,665	4,344
Gamesa Eólica Greece E.P.E	Manufacturing and holding company	-	Greece	100%	18	360	2,474
Eolo Re, S.A.	Reinsurance	PWC	Luxembourg	100%	3,000	13	-
Jilin Gamesa Wind Co., Ltd.	Manufacturing and holding company	PWC	China	100%	1,630	29	(33)
Inner Mongolia Gamesa Wind Co.,Ltda.	Manufacturing and holding company	PWC	Mongolia	100%	1,651	145	512
Gamesa Ireland Limited (*)	Manufacturing and holding company	PWC	Ireland	100%	-	564	398
Gamesa Estonia OÜ (*)	Manufacturing and holding company	-	Estonia	100%	3	(2)	(2)
GM Navarra Wind Energy Private Limited	Manufacturing and holding company	-	India	100%	153	(34)	(27)
Kintech Santalpur Windpark Private Limited	Manufacturing and holding company	-	India	49%	77	(3)	(6)
Gamesa Canada, ULC	Manufacturing and holding company	-	Canada	100%	-	-	-
Gamesa Azerbaijan, LLC (*)	Manufacturing and holding company	-	Azerbaijan	100%	-	9	116
B) GAMESA NUEVOS DESARROLLOS GROUP							
Gamesa Nuevos Desarrollos, S.A. Sole-Shareholder Company	Development of electricity facilities	-	Vizcaya	100%	61	(965)	14
Gamesa Eólica Brasil, Ltd.	Management of electricity facilities	-	Brazil	100%	8,504	(3,919)	3,290
C) GAMESA TECHNOLOGY CORPORATION GROUP							
Gamesa Technology Corporation, Inc	Administrative management services	PWC	USA	100%	24,942	(91,130)	(6,752)
Fiberblade, LLC	Wind-powered facilities	PWC	USA	100%	1	(1,426)	(4,966)
Gamesa Wind US, LLC	Wind farm maintenance services	PWC	USA	100%	88	(149,893)	(36,215)
Gamesa Wind, PA, LLC	Manufacture and assembly of wind generators	PWC	USA	100%	81	183,999	35,727
Gamesa Energy USA, Inc.	Development of windfarms	PWC	USA	100%	1,691	7,771	(16,731)
Fiberblade East, LLC	Wind-powered facilities	PWC	USA	100%	1	(40,502)	(1,331)
Towers & Metallic Structures, Inc.	Manufacture of wind generator towers	PWC	USA	100%	2,211	(28,227)	10,343
Allegheny Wind Expansion, LLC	Operation of windfarms	-	USA	100%	-	-	-
Cedar Cap Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Crescent Ridge II, LLC	Operation of windfarms	-	USA	100%	-	-	-
2Morrow Energy, LLC	Operation of windfarms	-	USA	100%	1,461	-	-
Eagle Rock Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Elk Falls Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Gulf Ranch Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Jackson Mountain Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Mahantango Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Rock River Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Nescopeck Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Sandstone Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Pine Grove Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Shaffer Mountain Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Sandy Ridge Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Whispering Prairie Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Vaquillas Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Senate Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Trinity Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
White Wind Farm, LLC	Operation of windfarms	-	USA	100%	-	-	-
Pocahontas Prairie Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Minonk Wind, LLC	Operation of windfarms	-	USA	100%	-	-	-
Lancaster Wind Farm, LLC	Operation of windfarms	-	USA	100%	-	-	-
D) OTHER							
Cametor, S.L.	Ownership of non-current assets	-	Vizcaya	100%	3,902	7,748	169
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	51%	6,861	1,170	1,619
Qgrid Technologies, S.L.	Trading company	-	Vizcaya	60%	20	15	11
Gamren Eólico Solar, S.L.	Development of wind and solar farms	-	Madrid	49%	3	(5)	(7)
Windar Logistic, S.L.	Manufacturing and holding company	-	Jaén	32%	3	(81)	(2)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	% of direct and indirect ownership	Thousands of euros		
					Share capital	Reserves	Profit (Loss) for the year after tax
PROPORTIONATELY CONSOLIDATED COMPANIES							
Windkraft Trinnwillershagen Entwicklungsgesellschaft, GmbH Sistemas Electricos Espluga S.A.	Development of windfarms Operation of windfarms	- -	Germany Barcelona	50% 50%	51 61	595 (332)	64 (43)
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD							
Windar Renovables, S.L. Energías Renovables San Adrián de Juarros, S.A. Skybuilt Power, Inc. (*) Worldwater & Solar Technologies Inc. (*) Tadarsa Eólica Apoyos Metálicos, S.A. AEMSA Santana New Broadband Network Solutions SL	Head of the companies which manufacture wind generator towers Construction and operation of wind farms Manufacturing and holding company Manufacturing and holding company	PWC - - - - - - -	Navarra Burgos USA USA Avilés Navarra Jaén Madrid	32% 45% 29% 26% 32% 32% 32% 18.8%	9 60 4,678 2,309 2,303 841 3,061 109	48,635 (6) (1,797) (1,111) 7,028 7,264 (1,040) 568	(431) (1) (634) (537) 3,092 98 (470) -

(*) Companies included in the Gamesa Group in 2011.

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

HEREBY CERTIFY:

That the text of the consolidated financial statements for 2011 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting held on 22 February 2012 is the content of the preceding 152 sheets of unstamped paper, on the obverse only, and the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

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

Jorge Calvet Spinatsch
Chairman and CEO

Juan Luis Arregui Ciarsolo
Deputy Chairman

Benita Ferrero-Waldner
Member of the Board of Directors

Luis Lada Díaz
Member of the Board of Directors

Carlos Fernández-Lerga Garralda
Member of the Board of Directors

Iberdrola, S.A.
(Agustín Delgado Martín)
Member of the Board of Directors

José María Aracama Yoldi
Member of the Board of Directors

José María Vázquez Egusquiza
Member of the Board of Directors

Sonsoles Rubio Reinoso
Member of the Board of Directors

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

Zamudio, 22 February 2012 In witness whereof

Approval of the Chairman

Jorge Calvet Spinatsch
Chairman and CEO

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

ACTIVITY REPORT

1. EVOLUTION OF THE COMPANY DURING THE YEAR

COMPLIANCE WITH 2011 TARGETS AND THE ADVANCEMENT WITH THE THREE PILLARS OF THE PN 2011-13, OPTIMISATION OF THE COST OF ENERGY, GROWTH AND EFFICIENCY WERE THE KEY ASPECTS OF THE YEAR

In a complex economic environment and operating in a highly competitive market, Gamesa Corporación Tecnológica¹ ends 2011 with Wind Turbine sales volume totalling² 2,802 MWe, which is 16% higher than the volume seen in 2010, EBIT margin for When the Turbines amounted to 4% which is in line with market guidance and the order portfolio covered 1,600 MW³. The wind farm development activity, the process of locating the supply chain in India and Brazil and a higher level of investment in property, plant and equipment in accordance with the Business Plan raised the Group's net financial debt to EUR 710 million, which is within the objectives reported to the market.

Main consolidated figures for 2011

- **Sales:** EUR 3,033 MM (+10% a/a)
- **EBIT:** EUR 131 MM (+10% a/a)
- **Net profit:** EUR 51 MM (+2% a/a)
- **Net Financial Debt:** EUR 710 MM (2.0x EBITDA)

Main Wind Turbine figures² 2011

- **MWe sold:** 2,802 (+16% a/a)
- **EBIT Margin:** 4.0%
- **Order portfolio³:** 2,802 (+13% a/a)

Group sales totalled EUR 3,033 MM, which is 10% higher than 2010 sales, and the result of the recovery of the manufacturing activity, which grew by 16% to 2,802 MWe sold. This recovery of the activity allowed the Group to attain **Wind Turbine sales of EUR 2,875 MM, 10% more than in 2010**, thanks to the sale of diversification strategy that has allowed Gamesa to offset the slowdown in demand in traditional markets. Accordingly, **92% of sales, or 2,570 MW take place outside of Spain**. The increase of the contribution made by Wind Turbines in the Indian market is notable as they rose by 19% as are the Latin American and South American markets, which grew by 15%, and they represent nearly 4 times the volume seen in 2010. This sales by diversification effort has also translated into an **order portfolio³ covering 1,600 MW at the end of December 2011** with deliveries in 2012/2013.

The recovery of the development and Farm sale activity that started in 2010 continues in 2011. **Gamesa Energía⁴** end the year with new **sales commitments totalling 417 MW** of which 131 MW were signed during the 4th quarter of 2011, and work continues on the delivery of these agreements. In addition wind farms with a capacity of 177 MW were delivered during 2011.

The recovery of the manufacturing activity together with the concentration of control and cost improvements **allowed the Wind Turbine Division² to end 2011 with an EBIT margin of 4%**, in line with the guidance for the end of the year (4%-5%) despite the fact that it operates in a highly competitive market and in a complex economic environment. There has also been intense sales activity in the Farms area and the development of several installations for delivery in 2011 and the first few months of 2012 allowed the Wind Farm Division to attain an EBIT of EUR 26 million during the year, and the EBIT for the fourth quarter totalled EUR 17 million, which is three times higher than the fourth quarter in 2010. As a result, **the consolidated EBIT totals EUR131 million, 10% higher than the EBIT in 2010 and equivalent to four point 3% of the Group's sales**.

¹ Gamesa Corporación Tecnológica Manufacturers wind turbines - referred to in the document as Wind Turbines - and develops, builds and sales wind farms-referred to in the document as Farms or Gamesa Energía.

² Wind Turbines & Holding Company.

³ Firm orders and confirmation of framework agreements for deliveries in 2012-2013

⁴ Gamesa Energía or Farms, includes the development, construction and sale of wind farms.

ACTIVITY REPORT

The opening of new markets such as Brazil and India, which have a growing contribution to the Group's sales and a supply chain currently being localized, has required Gamesa to increase the level of inventory and bring forward the production of certain projects in these regions in order to comply with projected obligations in 2012. Furthermore, and as was first seen during the second quarter of 2011, Gamesa is developing high-capacity wind farms (between 35% and 45% load factor) in the United States whose sale is currently being negotiated and for which the Wind Turbine Division has started production. These factors have contributed to raising **the working capital-sales ratio for the Wind Turbine Division to 24%, which is higher than the previously reported range of between 15 and 20%.**

In 2011 the investment plan established in the Business Plan 2011-2013 was implemented with **investments in property, plant and equipment and intangible assets totalling EUR229 million.** Despite the new need for investment in both non-current assets and working capital, Gamesa Corporación Tecnológica **ended the year in a solid financial position,** as reflected by **net financial debt totalling EUR710 million, which is equivalent to 2.0x consolidated EBITDA,** and in line with the guidance established by the Company for 2011.

Together with compliance with the guidance reported to the market in 2011, Gamesa has made advancements with respect to the three pillars of its Business Plan, optimisation of Energy Costs (CoE), growth and efficiency. These pillars are key to reinforcing Gamesa's position and leadership in the wind turbine manufacturing industry.

Within the optimisation of CoE by developing more efficient products and new operating and maintenance services, Gamesa attained important milestones during the year. During the third quarter the Company received **Type Certificate IEC WT01 for GL Renewables Certification (GL) for the wind turbine G128-4.5 MW.** The certificate facilitates access to financing for the wind turbine G128-4.5 MW and the associated wind energy projects. The G128-4.5 MW wind turbine is the first product resulting from the new technologies developed entirely by Gamesa and will convert the new G10x-4.5 MW product family in Cost of Energy leaders in the future: MultiSmart®, Innoblade®, CompacTrain®, GridMate® and Flexifit®. Gamesa has also demonstrated its environmental leadership with the G128-4.5 MW, the first to obtain the ecodesign certificate from TÜV in accordance with ISO14600/2011 ("*Environmental Management Systems – guidance For Incorporating Ecodesign*"), a certificate that proves its minimum environmental impact during its lifecycle.

Similarly, advances have been made with respect to the new G9X-2.0 MW product platform, which optimises the preceding platform (G8X-2.0 MW), and obtains double digit improvements to the wind turbine's productivity. After moving from design to prototype in only 18 months, and industrializing the product in three months, two prototypes were built and are now in operation - Navarre (Spain) and Colorado (USA)- and the first commercial units have been installed for a customer in Baitugang (China) and Tamil Nadu (India). **At December 2011 Gamesa had signed a framework agreement covering 1,300 MW⁵ for the G97-2.0 MW in India and firm contracts for 356 MW in the United States, Europe, China and India.** During 2011 the G97-2.0 MW wind turbine contributed more than 5% of Group sales.

The design of new operating and maintenance services have also played a fundamental role in optimising the Cost of Energy that Gamesa offers to its customers, with the marketing of new products such as the GPA program (Gamesa Premium Availability), through which a new concept of service is offered with an availability guarantee higher than available in the market at a lower cost for the customer. In addition to having the target of reaching 99% availability in the Gamesa GPA program has obtained up to 10% reductions in the operating costs of the farms at which the program has been applied. Within the improvement of CoE, and given the regulatory uncertainty in Spain, in 2011 a project was launched to extend the useful life of the G4X fleet, which will take it to 30 years under the best operating conditions to the application of an improvement implementation and maintenance adaptation program.

⁵ Part of the framework agreement was concluded with Caparo, now Mytrah, covering 2000 MW in 2012-2016.

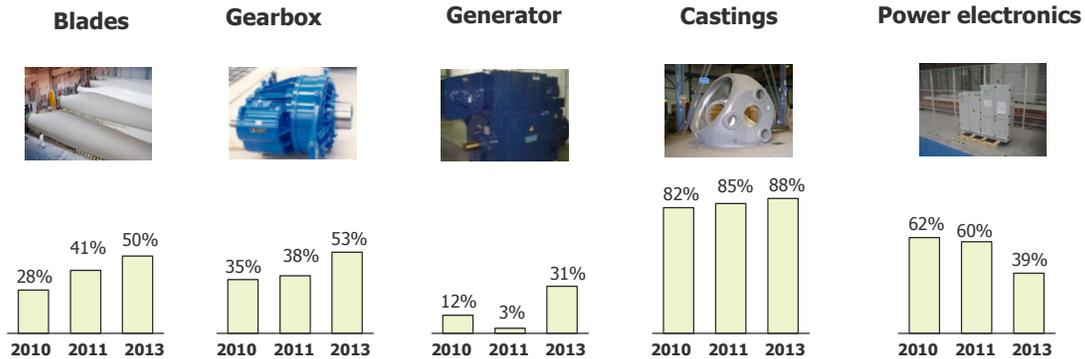
ACTIVITY REPORT

Operations and maintenance not only play a role in reducing CoE but also affect growth as the visibility of sales, margins and cash generation increase due to the lower intensity of capital requirements and the recurring nature of sales. During 2011, Gamesa started to repair and improve large components and extended its service portfolio to third-party fleets. The repaired components that are updated to the latest design and good practices are attaining a failure rate that is very low and an average life that exceeds that of new components. December 2011, Gamesa had 16,300 MW under maintenance, 2,700 MW more than at the start of the year and allowed it to generate more than EUR 250 MM in recurring revenues.

Finally and within the pillar of efficiency, we note the adjustment of capacity to demand in Spain with 1250 MW⁶ at December 2011, which is capacity that has been adapted to the new G9X-2.0 MW platform. In India the localization of 65% of the G5X-850 KW platform was reached at the end of the year.

In addition, Gamesa has continued to make advances with respect to its strategy to combine internal manufacturing with external supplies of key wind turbine components, thereby maximizing operational flexibility and optimising investments. December 2011 considerable progress had been made with respect to the Business Plan 2011-2013 regarding blades and cast parts.

Component outsourcing (%)



In a highly competitive environment, **Gamesa end the year with solid financial results in line with the commitments reported to the market while it continues to work on the three vectors forming part of its Business Plan 2011-2013 -decrease of the Cost of Energy, growth and efficiency- to consolidate its leadership in the new wind industry and maximize profitable growth in the medium and long-term.**

⁶ Blade manufacturing capacity

ACTIVITY REPORT

Wind Turbines

Main Factors

During 2011, Gamesa has applied efficient management that has allowed it to **end the year in line with the projected targets in terms of volume, profitability and financial robustness**, in a year in which there was a high level of competition.

Gamesa's Wind Turbine unit ended 2011 with:

- **2,802 MWe in Wind Turbines sold**, 16% higher than in 2010 and in line with the annual guideline of 2,800 MWe - 3,100 MWe,
- an **EBIT margin of 4.0%**, which is in line with the projected range of 4% and 5%,
- and **working capital-sales ratio of 24%**, which is less than reported in 3Q 2011 (33%) but higher than the range established in the guidance for the year (15%-20%), as a result of the internationalisation of sales and industrial implementation, although the level of the working capital- sales ratio declined in 4Q.

Wind Turbine activity in 2011 breaks down as follows:

(MW)	2010	2011	% Change	Status
MW Delivered to customers	2,685	3,092	15%	Transfer of ownership to customers, at the Farm or factory. Invoiced.
+ Change of MWe Available ExWorks	-142	-787	N.A.	Change in the inventory of Wind Turbines available for delivery to customers. Invoiced Exworks.
+ Change in MWe Extent of Completion	-138	497	N.A.	Change in the inventory of Wind Turbines not available for delivery to customers. Not Invoiced.
MWe sold	2,405	2,802	+16%	

At the end of 2011 the MWe sold amounted to 2,802 MW, which is 16% higher than the figure seen in 2010. We note the **high 3,092 MW delivery volume which is 15% higher than deliveries made in 2010**.

In accordance with the Business Plan 2011-2013, **Gamesa continues to access new markets while consolidating its business in countries with great wind energy potential**. Gamesa obtained its first sales in New Zealand, Algeria and Azerbaijan and obtained significant volume in the Latin American and South American area (Honduras, Mexico and Brazil together represent 15% of sales in 2011).

Simultaneously, **China continues to have a significant weight in terms of total sales with 23% and the United States reduced its total contribution to sales to 14%**. On the other hand, **there has been strong growth in 2011 in India, representing 19% of total sales**.

With respect to Europe, we note the high contribution of countries in Eastern Europe (mainly Poland and Romania), with 14% of total sales, while **Spain continues to represent a less significant level for the second consecutive year (8% of total sales)**.

Gamesa has thus been able to diversify its sales in 5 geographic areas (Europe, United States, China, India and Latin/South America).

ACTIVITY REPORT

Geographic breakdown of Wind Turbine MWe sold	2010	%	2011	%
Spain	168	7%	232	8%
USA	678	28%	382	14%
China	664	28%	650	23%
India	196	8%	519	19%
Latin and South America	112	5%	428	15%
Rest of Europe	523	22%	564	20%
Rest of the world	64	3%	28	1%
TOTAL	2,405		2,802	

Together with the success of the geographic diversification strategy, **Gamesa is working to expand the products that it offers** with:

- **Turbines with larger rotors for each wind class** (IEC I, II and III) within the new G9X-2.0 MW product platform, as well as the G97 – 2.0 MW Class II and the G87–2.0 MW Class S.
- **Higher capacity Turbines** (G10X-4.5 MW).

In 2011 the G97-2.0 MW Class III Turbine started to contribute to sales and represents around 5% of the total MWe sold during the year, and it was simultaneously implemented in all manufacturing areas.

Furthermore, the G9X–2.0 MW segment represents 79% of the MWe sold compared with 71% in the same period last year. The G5X–850 KW platform contributes 19% of the MWe sold.

ACTIVITY REPORT

Wind Turbine Results for 2011

Gamesa ends 2011 with **solid financial results with respect to the Wind Turbine activity:**

(MM EUR)	2010	2011	% Change	4Q 2011
Sales	2,623	2,875	+10%	865
EBITDA	338	340	+1%	101
EBITDA / Sales (%)	12.9%	11.8%		11.7%
EBIT	127	116	-9%	19
EBIT / Sales (%)	4.9%	4.0%		2.2%
Net profit	64	61	-4%	6
Net profit / Sales (%)	2.4%	2.1%		0.7%
Working Capital	-27	701		701
% Sales	-1%	24%	+25 pp	24%
NFD	-405	273		273
NFD/EBITDA	-1.2	0.8	+ 2.0x	0.8

Sales for the period grew by 10% compared with 2010, thanks to the 16% growth in the volume of MWe sold. The contribution of the Services Unit to sales was EUR 279 MM compared with EUR 312 MM in 2010. This decline is due to the improvement of the failure rate that fell in 2011, nonrecurring revenue for failures outside the warranty period (sales relating to damage due to storms or force majeure and therefore not covered by the warranty or maintenance agreements). Excluding this effect, in 2011 there was an increase in recurring revenues from operations and maintenance compared with 2010 (EUR 260 MM in 2010).

The EBIT margin was 4.0%, and fell within the estimated range for the end of the year (4%-5%), in a highly competitive market thanks to a **constant focus on control and cost improvement** (through negotiations with suppliers, productivity improvements, reductions in failure rates, logistics optimisation and construction times).

The provision for warranties remained stable at around 3.5% of Wind Turbine sales despite the internationalisation of the manufacturing platform and sales and the expansion of the products on offer, which shows the continuous improvement of processes, the robustness of the Gamesa product platform and the focus on excellence in operations.

Gamesa and 2011 with a working capital-sales ratio of 24%, which is less than reported in 3Q 2011 (33%), but higher than the guidance for 2011 (15%-20%) as a result of **the increased internationalisation of sales, advancements made with respect to national production in India and Brazil and the delays affecting approvals of wind projects in China.**

ACTIVITY REPORT

In addition, **Gamesa continues to invest in the main wind energy markets, and in the year at an investment level totalling EUR 229 MM.** This investment includes:

- Advances in the construction of the blade plant for the G5X-850 KW machine in India.
- Global launch of the G97-2.0 MW (adaptation of production capacity).
- Investment associated with the manufacturing of the G10X-4.5 MW Wind Turbine.
- New capacity in Brazil for the G9X–2.0 MW machine (construction of the nacelle assembly plant).
- R&D investment associated with the new platforms (G97, G10X-4.5 MW and offshore).

Thus, **Gamesa ends 2011 with net financial debt totalling EUR 273 MM in the Wind Turbine area,** associated with the level of working capital and the investment recorded during the year.

Wind Farms

Main Factors

During 2011, Gamesa concluded new sales agreements covering 417 MW with some of the largest electrical companies worldwide and **delivered 177 MW in Spain, Germany, France, Greece and United States.**

Accordingly, **the Wind Farm Promotion and Sales Unit ended 2011 with an EBIT of EUR 26 MM compared with EUR 0 MM at the end of 2010,** in line with the reported guidance (EUR 20 MM).

At December 2011 Gamesa's portfolio of wind farms totalled 23,891 MW throughout the world, after proceeding to review the MW in initial stages of development in regions with regulatory uncertainty such as Spain and the United States. The annual growth by the portfolio is the result of the intense promotion activity carried out in India.

Wind Farm portfolio under development (MW)	2010	2011	% Growth
Practically assured	2,618	3,953	+51%
Total portfolio	22,661	23,891	+5%

Within the portfolio, Gamesa maintains **734 MW in the final stages of construction and launch, making advancements with respect to the development of its wind farm portfolio to be delivered over the coming months.**

Evolution of the Activity Profile (MW)	2010	2011	% Growth
MW under construction	230	370	61%
MW launched	166	364	119%
Total	396	734	85%

Note: not including MW relating to the joint promotion agreements signed in China, in which Gamesa holds a minority interest, and India.

ACTIVITY REPORT

Wind Farm results for 2011

The results obtained by the Wind Farm unit in 2011 are a reflection of the success of the promotion, construction and sale of Farms. As a result, the Wind Farm Promotion and Sale unit ended 2011 with an EBIT of EUR 26 MM (EUR 17 MM in 4Q 2011) thanks to the high volume of sales agreements concluded during the year (417 MW, of which 131 MW was signed in 4Q) and after delivering 177 MW. The rest of the agreements will be fulfilled during the first months of 2012.

The Wind Farm unit continues to focus on the creation of value through the promotion and construction of Farms with the highest rates of return, but always maintaining strict control over that within market guidance (EUR 500 MM). The Wind Farm Promotion and Sales unit ended the year with net financial debt totalling EUR 438 MM.

(MM EUR)	2010	2011	% Change	4Q 2011
Sales	432	534	24%	300
EBIT	0	26	N.A.	17
Net profit	-5	1	N.A.	2
NFD	196	438	2.2x	438

2011 results obtained by Gamesa Corporación Tecnológica

The main financial figures for the Consolidated Group are presented below and result from the contribution of the preceding unit.

(MM EUR)	2010 ⁽¹⁾	2011 ⁽¹⁾	% Change	4Q 2011 ⁽¹⁾
Sales	2,764	3,033	+10%	1,018
EBITDA	328	364	+11%	141
EBITDA / Sales (%)	11.9%	12.0%		13.9%
EBIT	119	131	+10%	49
EBIT / Sales (%)	4.3%	4.3%		4.8%
Net profit	50	51	+2%	22
NFD	-210	710		710
NFD/EBITDA	-0.6	2.0	+ 2.6x	2.0

(1) The results obtained by Gamesa Corporación Tecnológica record the impact of the consolidation adjustment relating to the elimination of sales and the margin of the Wind Turbine Division from the Farm Division, whose sales agreements are in the final stages of negotiation at the end of the year.

ACTIVITY REPORT

2. FORESEEABLE DEVELOPMENT

Outlook

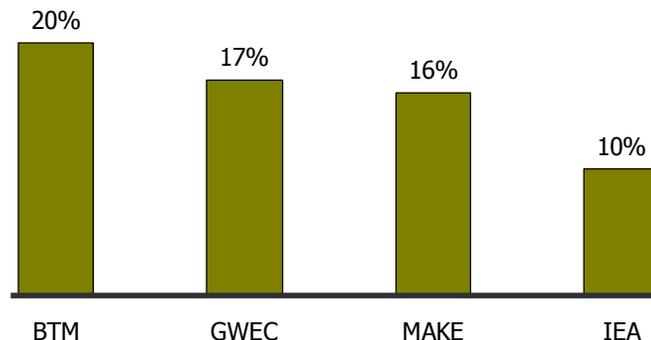
The weakness of the world economy and doubts regarding the sustainability of debt levels in the United States and Europe are having a negative impact on the development of demand for wind energy over the short-term.

The lower demand for energy deriving from the weak economy leads to lower electricity prices and reduces the immediate need to add production capacity since in some Western markets there are excesses. The budget deficits in countries in Southern Europe and the United States are decreasing the capacity of governments to finance support programs for various renewable energies thereby reducing the profitability of projects. In this context, in which the lower profitability of wind energy products join limited access to financing at a higher cost lead wind energy promoters and the large electricity companies in Europe and the United States to review their investment plans for the immediate future.

This situation is particularly relevant in the United States and in European countries such as Spain, Italy or Portugal, where financial incentives have been, or are being, pushed downward. This step has Artie been taken in Spain with the entry of the new government and the publication of Royal Decree-Law 1/2012 that includes a moratorium on new renewable installations starting in 2013. In Portugal, the Government has recently suspended the installation of new capacity, including renewable energies, and in Italy, where the financial system is changing from Green Certificate to regulated rate, some regions have also placed a moratorium on new installations. Meanwhile, in the United States the tax incentives for investments in the generation of renewable energies (investment credits or ITC and production credits or PTC) expire in December 2012 and there has been no indication that they will be extended.

However, it is important to note that the commitments made by the governments in these countries (Spain, Italy and Portugal) with respect to the contribution of wind energy to the energy mix in 2020 continue to be unchanged and what we are witnessing is a temporary suspension of the financial support for those energies and it should be understood within the context of the current difficult economic environment. In this connection, **it is precisely these government commitments, not only in Europe but around the world, together with the growing competitiveness of wind energy that guarantee double digit growth rates for new installations of between 10% and 20% between 2011 and 2015** in accordance with independent sources.

Annual compounded growth rates for new wind energy installations 2011-2015E

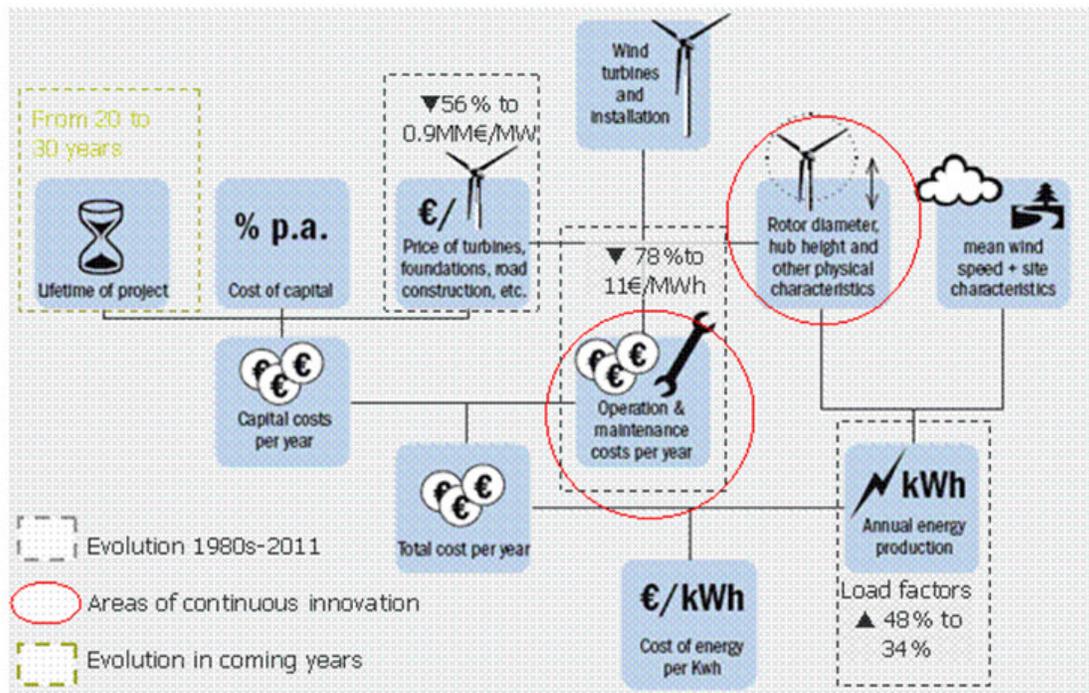


In accordance with the studies carried out by the Intergovernmental panel on climate change (IPCC) at the UN, **the contribution of renewable energies to worldwide energy supplies in 2050 will double to 27% from the current 13%**. Furthermore, compliance with the agreements reached at the Cancun Climate Change Summit requires a much higher contribution to attain a level of close to 80% of the worldwide energy supplies.

ACTIVITY REPORT

Within this contribution, it is generally accepted that wind energy, given its technological maturity and financial competitiveness, will play a dominant role in all geographic areas. This technological maturity and financial competitiveness, together with constant efforts being made by the manufacturers of wind turbines such as Gamesa to improve the cost of wind energy suggests, in accordance with Bloomberg Energy Finance, that **the Cost of Energy of an average Farm will be competitive with coal, gas and nuclear energy in 2016**. As may be seen in the accompanying graphic, since the eighties the price per megawatt produced by wind turbines has decreased by 56% and the price of maintaining a Farm per MWh has fallen by 78% within that same timeframe. Advances in the design of wind turbines have improved the power curve which, together with higher rotors, has allowed load factors to increase by nearly 50% to the current average of 34%. Moreover, the latest capacity auctions that have taken place in countries such as Brazil and Peru demonstrate that wind energy is already competitive with gas for those Farms that have very high load factors.

Measurement of the Cost of Wind Energy

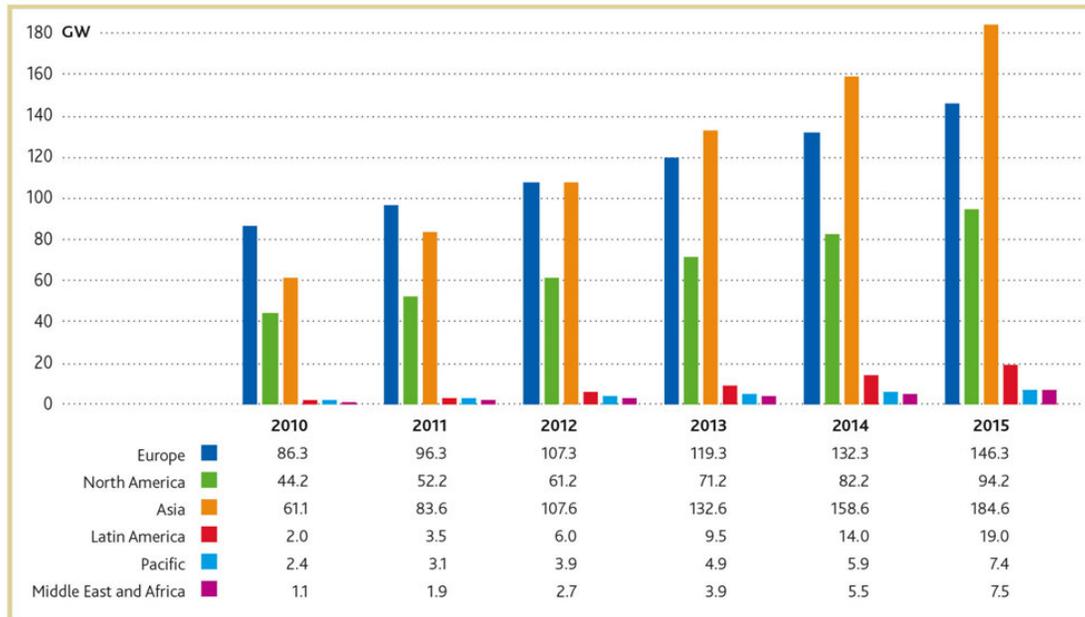


Source: The Economics of Wind Energy, EWEA Report 2009; Bloomberg New Energy Finance

The growing competitiveness of wind energy, together with government commitments to battle climate change will offset the current demand shortfall in mature markets over the long-term. It is important to note, however, that in the short-term, **the lower demand for wind energy in mature markets, such as in Europe or the United States is offset by the growth in emerging markets in Asia, Latin America or Africa**. These new markets have a commitment with renewable energies that is not supported on the need to combat climate change but rather on the need to combat energy shortfalls that are structural in nature or an excessive dependency on a single source of domestic energy.

ACTIVITY REPORT

CUMULATIVE MARKET FORECAST BY REGION 2010-2015



Source: GWEC, Wind Energy Report 2010

In this context of short-term uncertainty, **Gamesa will continue to make advances in the three vectors making up its Business Plan 2011-2013:** optimisation of the CoE and growth and efficiency, which are critical to reinforce the Company's leadership within the manufacturing segment.

Within the continuous optimisation of the CoE, Gamesa continues to work on improving the availability and reliability of its wind turbines, and in 2012 paid special attention to reducing the cost of materials. During the year two new wind turbines will be developed within the G9X-2.0 MW platform. G97-2.0 MW class II and G114-2.0 MW. Within the area of operations and maintenance, Gamesa will continue to focus on continuous improvement to the availability of its fleet, with the objective of improving current availability, which already exceeds 98%, through maintenance programs such as GPA, which started to be marketed in 2011.

Within the growth sector, Gamesa intends to intensify its sales efforts in those geographic areas and with customers with which it has a lower penetration rate, such as the electrical companies in central and northern Europe and market such as Southeast Asia, Australasia, South Africa and the Middle East. In these markets, Gamesa will leverage its presence in China, India and North Africa. Furthermore, the Services area will carry out a progressively more important role both in terms of sales growth and sustainability as well as growth and margins. In this connection, and during 2012, Services will intensify its sales efforts outside of Spain for new value added programs and repairs and improvements of large components. Finally, Gamesa Energia will continue with the strategy of realizing value from its portfolio, paying particular attention to the American market.

The efficiency vector takes on a more relevant role in the current market environment. Gamesa will continue to adjust capacity to meet demand. In Spain, with the reduction of capacity practically completed in 2011, work will be carried out to consolidate and adapt that capacity to the new products. Meanwhile, in Brazil and India the localization of the supply chain for the new G9X-2.0 MW platform will be completed. The Logistics Department will be created within the construction and logistics area that will allow procedures to be unified and the contracting of logistics services to be improved and to reduce costs. The Company will continue to make advances with respect to the reduction of construction time using WOSS (Wind Optimisation Supply Sequence) and the use of storage yards. Finally, new purchasing tools will be rolled out to simplify and accelerate the approval of suppliers while maintaining strict quality criteria, accelerating times and reducing supply costs.

In addition, and bearing in mind the immediate economic and market environment, **Gamesa will give priority, within its financial objectives for 2012, to a solid balance sheet and profitability and**

ACTIVITY REPORT

subjecting sales volumes to those objectives, thereby bringing forward by one year its objective to reach net cash flow equilibrium.

WTG	Guidance 2011	2011		Guidance 2012
MWe sold	2,800-3,100	2,802	✓	2,800-3,200
EBIT Margin	4.0%-5.0%	4.0%	✓	2.0% - 4.0%
WC as % of sales	15%-20%	24%	✗	20%-25%
Capex	250	229	✓	275 ⁽²⁾
Wind Farms				
MW delivered ⁽³⁾	c.400	177	✓ ⁽¹⁾	c.400
EBIT (MMEUR)	c.20	26	✓	c.0
Net debt (EUR m)	c.500	438	✓	c.250
Group				
NFD/EBITDA	<2x	2.0x	✓	<2.5x
FCF				Breakeven

(1) 2011 guidance included wind farm delivered to Iberdrola (244MW) ahead of planned scheduled (Q1 2011) at client's request.

(2) 2012 is peak year of capex in BP 2011-2013

(3) Excluding Chinese joint promotion agreements

Despite the good performance of the order portfolio, which at December 2011 grew by 13% compared with the volume seen in 2010, to 1600 MW, the priority objective is to maintain a net debt level in 2012 similar to the level in 2011 and the following temporary factors leave the Company to tighten the sales volume range for 2012 to 2,800 MWe-3,200 MWe:

- Regulatory uncertainty in the United States.
- Delays in the connection to the network and restrictions on financing in China.
- Higher volatility of demand in India due to regulatory changes.

During 2012 Gamesa will carry out several key processes to attain the objectives set out in the Business Plan 2011-2013 and which have a temporary negative, non-recurring impact on the manufacturing margins. Among these prophecies we know the global launch of the new G9X-2.0 MW product platform. This negative impact will be partially offset by the positive results brought by the cost optimisation measures and the product mix which will be punctuated by the lower margins that are expected to be obtained in some emerging markets. As a result, the expectation is that the **EBIT margin range for Wind Turbines in 2012 will be between 2% and 4%**. During 2013 the negative impact is expected to decrease as a result of the global launch of the new product platforms and there will be a growing positive contribution of the cost optimisation programs and the marketing of new products.

ACTIVITY REPORT

Conclusions

In a complex year for the sector, **Gamesa ends the year with solid results in line with market guidance**, while it made advances in the development of its Business Plan 2011-2013.

The sales of Wins Turbines grew by 16% compared with last year to 2,802 MWe, and an EBIT margin of 4% was obtained. The Farms unit signed agreements covering 417 MW and delivered 177 MW during the year, which allowed it to attain an EBIT of EUR 26 MM. Despite the working capital needs deriving from the internationalisation of sales and manufacturing capacity, the larger investments in property, plant and equipment and the Farm development activity, Gamesa ends the year with EUR 710 MM in net financial debt or 2x the Group's EBITDA, which is a solid financial position that is in line with the range set out in the guidance.

In turn, **during the year Gamesa attained very significant milestones within the Business Plan 2011-2013**. The launch of the new G9X-2.0 MW platform together with the marketing of the G97-2.0 MW cIII, the development of new operating and maintenance services such as the GPA program and the action that was taken to improve costs allowed the **CoE to be optimised to between 10% and 15%** depending on the platform and the region. The commercial expansion, with sales in 23 markets and to more than 46 customers, the sale of new operating and maintenance services, with 16,300 MW under maintenance and the Farm construction and sales activity have contributed to generate **10% growth in consolidated sales**. Finally, thanks to **the efficiency programs a stable consolidated EBIT margin has been maintained** despite operating in an extremely competitive environment.

Despite the good results obtained from sales activity, which allowed the 2011 to end with 1600 MW in the portfolio, 13% higher than 2010 volume, **the economic and regulatory uncertainty in key markets** such as the United States or southern Europe, and **the delays in accessing the network in the Chinese market** make it advisable to focus financial targets in 2012 on increasing the robustness of the balance sheet and to maintain positive profitability at the expense of sales volume. **In this connection, Gamesa is bringing forward by one year its objective to reach a net free cash flow equilibrium that was initially projected for 2013.**

Given an uncertain short-term environment, weak energy demand due to the absence of economic recovery, and regulatory uncertainty in key markets such as the United States, or the still existing excess capacity that continues to encourage aggressive sales practices among some competitors, **Gamesa's business model is prepared to successfully face this situation while it continues to invest in its Business Plan.**

The sales diversification and expansion that has characterized Gamesa since the beginning, early exposure to emerging markets, where wind energy demand has not been restricted by the economic situation, the growth in operating and maintenance services and the Farms activity, allow Gamesa **to better weather fluctuations in demand**. The flexible approach of manufacturing activities, combining internal production with external supplies to optimise margins and investments, the rapid adjustment of capacity to demand-first in the 90 days in 2009 and later in Stained in 2011-and the trajectory of cost optimisation through the implementation of the first program (PMC500) in 2008 allow the Company **to protect profits while attaining higher margins than the industry average**. Finally an R&D+i investment process, closely linked to the Energy Cost optimisation intended to satisfy customer needs, **ensures a return on the investment and positions Gamesa's product portfolio at the highest levels in the industry.**

ACTIVITY REPORT

3. MAIN BUSINESS RISKS

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

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

To mitigate this risk, Gamesa has obtained financial hedging instruments from financial institutions.

4. USE OF FINANCIAL INSTRUMENTS

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

5. SUBSEQUENT EVENTS

There are no significant events that took place after the year end that have not been disclosed in the consolidated financial statements.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

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

In 2011 the main addition to "Research and Development Expenditure" under intangible assets was due to the development by Gamesa Innovation and Technology, S.L. of new wind turbine models and to the optimisation of the performance of their components amounting to approximately EUR 68,112 thousand (approximately EUR 39,221 thousand in 2010):

7. TREASURY SHARE OPERATIONS

At 31 December 2011 Gamesa maintains a total of 3,234,426 treasury shares representing 1.308% of share capital.

The total cost for these treasury shares total EUR 27,541 thousand, each with a par value of EUR 8.5150.

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

ACTIVITY REPORT

8. CAPITAL STRUCTURE

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

In accordance with Article 4 of the bylaws of Gamesa Corporación Tecnológica, S.A. as worded on 15 July 2011 "*Share capital totals FORTY-TWO MILLION THIRTY-NINE THOUSAND TWO HUNDRED NINETY-SEVEN EURO and TWENTY-EIGHT CENTS (EUR 42,039,297.28), divided into TWO HUNDRED AND FORTY-SEVEN MILLION TWO HUNDRED AND EIGHTY-NINE THOUSAND NINE HUNDRED AND EIGHTY-FOUR (247,289,984) ordinary shares with a par value of SEVENTEEN CENTS (EUR 0.17) each, numbered sequentially from one (1) to two hundred and forty-seven million two hundred eighty-nine thousand nine hundred eighty-four (247,289,984), all forming a single class and series.*"

SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

According to public information in the possession of GAMESA CORPORACION TECNOLOGICA, S.A. the capital structure at thirty-one December 2011 is as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
IBERDROLA, S.A.	48,510,767	0.000	19.62
BLACKROCK, INC.	0.000	12,258,161	4.96

(*) Through:

Name of direct holder of the stake	Number of direct voting rights	% total voting rights
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED	12,258,161	4.96

9. RESTRICTIONS ON THE TRANSFER OF SHARES

There are no restrictions on the transfer of shares.

10. SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

See point 8.

11. RESTRICTIONS ON VOTING RIGHTS

There are no restrictions of any kind on voting rights.

12. SHAREHOLDER AGREEMENTS

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

ACTIVITY REPORT

13. RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND AMENDMENT OF THE CORPORATE BY-LAWS

Pursuant to the provisions of article 32 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. Corporate By-laws, as amended by Shareholders at a General Meeting held on 25 May 2011, the members of the Board of Directors are “*appointed by the General Meeting*” and “*should a vacancy arise during the term of office of a Director, the Board may appoint a shareholder to fill the vacancy until the first General Meeting is held*”, always in compliance with the provisions of the Spanish Capital Companies Act and the Corporate Bylaws.

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

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

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

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

With regard to the re-election of Directors, article 25 of the Board of Directors Regulations provides that “*any proposals for the re-election of Directors that the Board of Directors may decide to submit before the Shareholders General Meeting must be subject to a formal evaluation process, which shall necessarily include a proposal or report issued by the Appointments and Remuneration Committee assessing the quality of the work and the dedication to the office shown by the proposed Directors during their previous mandate. For these purposes, where Directors are members of the Appointments and Remuneration Committee, they shall be assessed by the said Committee in the same way, but shall refrain from participating in the deliberations and votes that affect them. The Chairman, the Deputy Chairmen, and where appropriate, the Secretary and the Deputy Secretary of the Board of Directors who are re-elected as Directors following a resolution of the General Meeting shall continue to hold the offices they held previously within the Board of Directors, without needing to be re-elected, and without prejudice to the powers of revocation held by the Board of Directors in respect of said offices.*”

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

ACTIVITY REPORT

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

Pursuant to the provisions of Article 27 point two of the Board of Directors Regulations, *“Directors shall tender their resignation to the Board of Directors, and where the Board should consider it appropriate, shall step down-following a report by the Appointments and Remuneration Committee-in the following circumstances:*

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

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

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

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

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

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

g) Upon reaching the age of 70. The Director in question shall cease to hold office as from the first session of the Board of Directors held after the Shareholders General Meeting approving the annual accounts for the financial year in which the Director is to reach that age.

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

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

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

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

ACTIVITY REPORT

Rules applicable to the amendment of the Corporate By-laws

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

Article 7 of the Shareholders General Meeting Regulations, as amended by shareholders at the General Meeting held on twenty-five May 2011, expressly includes the amendment of the Corporate By-laws as being within the powers of this body.

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

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

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., at the session held on 8 October 2009, unanimously agreed, following a favourable report by the Appointments and Remuneration Committee to appoint Mr. Jorge Calvet Spinatsch as Chairman of the Board of Directors and Managing Director, delegating all powers corresponding to the Board of Directors pursuant to law and to the Corporate By-laws to him, with the exception of those that may not be delegated pursuant to law or to the Corporate By-laws. Mr. Calvet Spinatsch accepted his appointment at the same act.

Powers relating to the possibility of issuing or repurchasing shares

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

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

- a.- Acquisitions may be made directly by Gamesa Corporación Tecnológica, Sociedad Anónima, or indirectly through its controlled companies..
- b.- Acquisitions of shares, which must be fully paid up and free from all charges and/or encumbrances, shall be made through sale and purchase transactions, exchanges, or any other method allowed by law.
- c.- Acquisitions may be made, at any time, up to the maximum figure allowed by law.
- d.- The minimum price for the shares will be their par value and the maximum price may not exceed ten percent (10%) of their listed price on the date of acquisition.
- e.- A restricted reserve may be set up in the Company's equity equivalent to the calculated value of the own shares in the assets. This reserve must be maintained for as long as the shares are not disposed of or amortized.
- f.- The shares acquired may be subsequently disposed of under such conditions as may be freely agreed.
- g.- This authorization is granted for a maximum term of 5 years, and expressly renders of no effect the authorization granted by the Company's Annual General Meeting on 29 May 2009, in that part left to run.

ACTIVITY REPORT

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

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

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

Pursuant to the framework agreement dated 21 September 2011 (Relevant event 155308) between Iberdrola, S.A. and the subsidiary of Gamesa Corporación Tecnológica, S.A., Gamesa Eólica, S.L. Unipersonal, in the event of any change in control of Gamesa Corporación Tecnológica, S.A. would allow Iberdrola, S.A. to terminate the framework agreement without the parties having any claim against such termination.

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

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

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

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED CORPORATIONS

ISSUER'S IDENTIFICATION DETAILS

DATE OF FINANCIAL YEAR END: 12-31-2011

T.I.N.: A01011253

Trade Name:

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

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
07-15-2011	42,039,297.28	247,289,984	247,289,984

Indicate whether there are different classes of shares having different rights associated to them:

Yes No

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
BLACKROCK, INC.	0	12,258,161	4.957

(*) Through:

Name or trade name of direct holder of shares	Number of direct voting rights	% of total voting rights
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED	12,258,161	4.957

State the most significant changes in shareholding structure during the financial year:

Shareholder's name or trade name	Date of operation	Description of operation
NORGES BANK	02/17/2011	Reduced its shareholding under 3% reaching 2.962%
THE GOLDMAN SACHS GROUP, INC.	05/30/2011	Increased its shareholding over 3% reaching 3.156%
THE GOLDMAN SACHS GROUP, INC.	06/15/2011	Reduced its shareholding under 3% reaching 1.666%
BLACKROCK, INC.	08/10/2011	Reduced its shareholding under 3% reaching 2.947%
BLACKROCK, INC.	11/04/2011	Increased its shareholding over 5% reaching 5.065%
BLACKROCK, INC.	12/06/2011	Reduced its shareholding under 5% reaching 4.957%

See note (A.2) 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.	48,510,767	0	19.617 %
Arregui Ciarsolo, Juan Luis	0	134,132	0.054 %
Calvet Spinatsch, Jorge	11,248	0	0.005 %
Rubio Reinoso, Sonsoles	1,000	0	0.000 %
Fernández-Lerga Garralda, Carlos	511	0	0.000 %
Lada Díaz, Luis	504	0	0.000 %
Rodríguez-Quiroga Menéndez, Carlos	306	0	0.000 %
Aracama Yoldi, José María	201	0	0.000 %
Ferrero-Waldner, Benita	101	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.	134,132	0.054 %

% of voting rights in the hands of the Board of Directors	19.677 %
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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

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.3

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

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

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

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
2,001,403	1,233,023	1.308 %

(*) Through:

Name or trade name of direct holder of shares	Number of shares held directly
BANCO SANTANDER, S.A.	1,233,023
Total:	1,233,023

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
07/26/2011	0	1,222,748	0.494

Gains / (Losses) on treasury stock divested during the period	- 5,913
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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 28, 2010 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 tenth item on the Agenda appears below:

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

- a.- The acquisitions may be made directly by Gamesa Corporación Tecnológica, Sociedad Anónima or indirectly by any of the companies in which it has a controlling holding.
- b.- The share acquisitions, which must be fully paid up and free of charges or costs, will be made through sales, swaption or any other legally permitted operations.
- c.- The acquisitions may be made at any time and up to the legally allowed maximum figure.

- d.- The minimum share price will be their nominal value and the maximum will not be 10% above their market quotation value on the date of acquisition.
- e.- That the liabilities section of the Company Balance Sheet is endowed with a non-disposable reserve fund equivalent to the sum of the Company shares entered as assets. This reserve fund must be maintained until the shares have been transferred or capitalised.
- f.- The shares acquired may subsequently be transferred in freely decided conditions.
- g.- The present authorisation is awarded for a maximum period of 5 years, expressly repealing the unused part of the authorisation awarded by the Company Shareholders' Ordinary General Meeting held on May 29, 2009.

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

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

A.10 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

Maximum percentage of voting rights that a shareholder may exercise due to legal constraints	
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State whether there are any bylaw constraints on exercising voting rights.

Yes No

Maximum percentage of voting rights that a shareholder may exercise due to bylaw constraints	
---	--

Description of legal and bylaw constraints on exercising voting rights

<p>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-language appear, the text of the original Spanish-language document shall always prevail.</p>

State whether there are any legal constraints on the acquisition or transfer of shareholdings.

Yes

No

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

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
Calvet Spinatsch, Jorge		Chairman and CEO	10-07-2005	05-25-2007	General Shareholders' Meeting
Arregui Ciarsolo, Juan Luis		Deputy Chairman	01-28-1976	05-25-2007	General Shareholders' Meeting
Fernández-Lerga Garralda, Carlos		Lead Independent Director	10-07-2008	10-07-2008	General Shareholders' Meeting
Rodríguez-Quiroga Menéndez, Carlos		Director and Secretary	09-27-2001	05-25-2007	General Shareholders' Meeting
Vázquez Egusquiza, José María		Director	05-25-2007	05-25-2007	General Shareholders' Meeting
Iberdrola, S.A.	Delgado Martín, Agustín	Director	06-26-2008	06-26-2008	General Shareholders' Meeting
Lada Díaz, Luis		Director	10-23-2009	10-23-2009	General Shareholders' Meeting
Ferrero-Waldner, Benita		Director	02-24-2010	02-24-2010	General Shareholders' Meeting
Aracama Yoldi, José María		Director	03-08-2011	03-08-2011	General Shareholders' Meeting
Rubio Reinoso, Sonsoles		Director	12-14-2011	12-14-2011	Board of Directors Cooption
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
Bergareche Busquet, Santiago	External Independent	02-11-2011
Velasco Gómez, Pedro	External Proprietary	12-14-2011

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
Calvet Spinatsch, Jorge	Appointments and Remuneration Committee	Chairman and CEO
Rodríguez-Quiroga Menéndez, Carlos	Appointments and Remuneration Committee	Secretary to the Board and Director and Legal Counsel

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
Rubio Reinoso, Sonsoles	Appointments and Remuneration Committee	IBERDROLA, S.A.
IBERDROLA, S.A.	Appointments and Remuneration Committee	IBERDROLA, S.A.

Total number of directors representing significant shareholders	2
% total of the Board	20%

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name or trade of director	Background
<p align="center">Aracama Yoldi, José María</p>	<p>He was born in Pamplona (Navarra). He currently holds the position of Member of the Board of Directors and of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds a Degree in Industry Engineering from the University of Navarra with a specialization in "Industrial Organization". He completed his studies with a Master in Business Administration in the IESE.</p> <p>Throughout his professional career he held different posts in the private and public sector. He was Financial Director and in charge of the registered office in Navarra of "Cementos Portland, S.A." (1979-1996), Economy and Tax Counsel in the Navarra Government (1996-1999), Director in Pamplona of "Cementos Portland, S.A." (1999-2001) and General Director of SODENA (Sociedad de Desarrollo de Navarra, S.A.) since 2001 until 2011.</p> <p>In parallel to his professional activity he was member of the Board of Directors of several companies.</p> <p>Since 2011 he is Assistant to the Chairman of the Cementos Portland Valderrivas Group and holds the position of representative of Compañía Auxiliar de Bombeo de Hormigón in the companies Cementos Lemona, S.A., Corporación Uniland, S.A. and Uniland Cementera, S.A., among others. Likewise he holds the position of representative of Participaciones Estella 6 in the companies Navarra de Transportes, S.A., among others, and is member of the Council of OFICEMEN (Agrupación de fabricantes de cemento de España).</p> <p>Since 2000 he is a lecturer of Finance in the Executive MBA of the Foro Europeo in Pamplona and since 2011 is a member of the Social Board of the Public University of Navarra.</p>
<p align="center">Fernández-Lerga Garralda, Carlos</p>	<p>Born in Pamplona (Navarra). He is currently Lead Independent Director, and Chairman of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds a Law degree from the University of Navarra, a Master in European Studies from the University of Louvaine in Belgium and did doctorate courses in Law at the Complutense University in Madrid and specialized in Corporate Law at the Bank of Spain's Training Center.</p> <p>He finished his studies in International Law at the Hague International Academy of Law, in Comparative Law and International Organizations at Strasbourg and the Collège Universitaire d'Etudes Fédéralistes in Nice, Val d'Aosta.</p>

	<p>He is a practicing lawyer and currently holds several positions, including member of the Board of Directors and Chairman of the Audit Committee of Inmobiliaria Colonial, S.A. and Soci��t�� Fonci��re Lyonnaise (SFL), General Director of La Caixa. He is also Patron of the Spain-United States Foundation, Patron of the Spain-China Foundation and Patron of the Sapin-India Foundation.</p> <p>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 - December 1983), General Manager of Asesoramiento Comunitario, S.A. belonging to Grupo Banco Hispano Americano (1984-1985), and member of the Board of Directors of Abantia Corporaci��n. He has also been member of the Executive Committee of the Real Instituto Elcano de Estudios Internacionales y Estrat��gicos, member of the Executive Committee of the Euroam��rica Foundation, member of the World Federalist Youth Secretariat (Amsterdam, The Netherlands), Secretary of the European League for Economic Cooperation (LECE), Secretary of the Fundaci��n para el Progreso y la Democracia, and Representative (Treasurer) of the Government Meeting of the Madrid Bar Association.</p> <p>He has developed an important teaching work in the Political Sciences Department of the Complutense University, in the Institute for European Studies of the University of Alcal�� de Henares, in the Diplomat School, in the Patronat Catal�� pro Europa, in the Instituto de Empresa or in the EOI, among others.</p> <p>He is the author and co-author of numerous works about Competition Law, European Law and Intellectual Property Law. He has published many articles on economics and general information in the press.</p> <p>He has also given many talks in Spanish at foreign universities and institutions, as well as delivered papers in Congresses.</p> <p>He has been awarded the Encomienda de la ��rden de M��rito Civil (a Spanish civil distinction).</p>
Lada D��az, Luis	<p>He was born in Mieres (Asturias). He currently holds the position of Member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACI��N TECNOL��GICA, S.A.</p> <p>He holds a Degree in Telecommunications Engineering from the Polytechnic University of Madrid. He is “Ad Honorem” Professor and permanent member of the Royal Academy of Engineering.</p>

	<p>After a short period in the Superior Board of Scientific Investigations (Consejo Superior de Investigaciones Cientificas) he joined, in 1973, the Center of Investigations and Studies of Telefonica, company where he mostly has developed his professional career. In 1984, he was appointed as Responsible for Planning and Technology. Between 1989 and 1993 he worked for the Amper Group, as General Director of Planning and Control, and after that he returned to Telefónica as Responsible of its Group of Subsidiaries and Participated Companies. In 1994 he was appointed Chairman of Telefonica Moviles España. In August, 2000, he became member of the Board of Directors of Telefonica, S.A., member of its Executive Committee and Executive Chairman of Telefonica Moviles, S.A. In August, 2003, he assumed the General Directorate of Development, Planning and Regulation of the Telefonica Group. Between December 2005 and July 2006 he was Executive Chairman of Telefonica de España.</p> <p>Currently, he is General Director of Ribafuerte, S.L., member of the Board of Directors of Indra Sistemas, of Telefónica I+D and of Ydilo AVS; member of the Circulo de Empresarios and of the "Fundación de la Innovación Bankinter" and Advisor of Telefónica, Teldat and ASSIA Inc.</p> <p>He has been member of the Government Board and Vice Chairman of the Spanish Telecommunications Engineers Association, as well as member of the Board of Directors of several companies of the Information Technology field. He has been awarded with different professional and business honours.</p>
<p>Vázquez Egusquiza, José María</p>	<p>He was born in Bilbao (Vizcaya). He currently holds the position of Member of the Board of Directors and Chairman of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>He holds an Industrial Metallurgic Engineering Degree and an Economics Degree from the University of País Vasco, having completed his training with various Masters in the USA and Sweden.</p> <p>His professional career has been developed mainly in the metallurgic sector. He started at Babcock & Wilcox as an engineer of materials and weld in the valves for the nuclear power station department, holding afterwards management positions at different companies of the País Vasco within the metallurgic sector, equipments, shipping and construction.</p> <p>He is currently, among others, Chairman of the Confederación Empresarial de Bizkaia (CEBEK), Chairman of the Board of Directors of GIROA (Grupo Dalkia), Director of Bilbao's Port Authority, member of the Strategic Committee of IK4 Research Alliance and member of the Patronato and the Strategic Board of the Centro de Estudios e Investigaciones Técnicas de Gipuzkoa (CEIT).</p>

	<p>He has performed, among others, tasks of President of the Industrial Politics Committee of CONFEBASK, member of the Board of Directors of CEOE, President of the Technological Innovation Committee of CEOE, member of the Corporate Committee for CEOE's Information Company, Director of Centro de Diseño Industrial of Bizkaia, member of the Board of Directors of Asociación Española para el Desarrollo de la Soldadura and member of the Board of Directors of SEOPAN.</p> <p>He has developed an intensive educational and disclosed work.</p>
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Total number of independent directors	4
% total of the Board	40%

OTHER EXTERNAL DIRECTORS

Director's name or trade name	Committee that proposed his/her appointment
Arregui Ciarsolo, Juan Luis	Appointments and Remuneration Committee
Ferrero-Waldner, Benita	Appointments and Remuneration Committee

Total number of other external directors	2
% total of the Board	20%

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
Arregui Ciarsolo, Juan Luis	His resignation as Director of IBERDROLA, S.A. motivated the loss of the External Proprietary character.	IBERDROLA, S.A.
Ferrero-Waldner, Benita	Receipt of economic amounts for services rendered to GAMESA CORPORACIÓN TECNOLÓGICA, S.A.	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

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

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
Bergareche Busquet, Santiago	Personal reasons
Velasco Gómez, Pedro	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
Calvet Spinatsch, Jorge	GAMESA CORPORACIÓN TECNOLÓGICA S.A.'s Board of Directors unanimously resolved, with a previous favourable report of the Appointments and Remuneration Committee, to appoint Mr. Jorge Calvet Spinatsch as Chairman of the Board and CEO of the company, at its meeting held on October 8, 2009 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. Calvet 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

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	GRUPO EMPRESARIAL ENCE, S.A.	Chairman
	CARTERA INDUSTRIAL REA, S.A.	First Deputy Chairman
Calvet Spinatsch, Jorge	QUABIT INMOBILIARIA, S.A.	Director
Fernández-Lerga Garralda, Carlos	INMOBILIARIA COLONIAL, S.A.	Director
Lada Díaz, Luis	INDRA SISTEMAS, 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

Explanation of the rules
<p>Article 7 of the Regulations of the Board of Directors establishes rules about the number of Boards of which its Directors can be a member:</p> <p><i>"Article 7.- Requirements for becoming a Board Member</i></p> <p><i>No natural persons or legal entities may become a Member of the Board, nor hold other executive posts in the Company, if they are incompatible with this post, in accordance with current legal provisions, the Company's Bylaws and the Regulations. Specifically, and without limitation, the following may not become Members of the Board:</i></p> <p><i>a) Any person acting in the capacity of administrator of three or more enterprises whose shares are traded on domestic or foreign markets.</i></p> <p><i>(...)"</i></p>

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	1,969
Variable remuneration	848
Allowances	321
Bylaw items	135
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	37
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	1,999	
Non-executive directors representing significant shareholders	242	
Non-executive independent directors	753	
Other non-executive external directors	316	
Total	3,310	

d) Remuneration in relation to profits attributed to the parent company:

Directors' total remuneration (in thousands euros)	3,310
Total directors' remuneration/profits attributed to parent company (expressed in %)	5.74

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
Chocarro Melgosa, Ricardo	Operations Managing Director
Cortajarena Manchado, José Antonio	General Secretary
Giménez Sainz de la Maza, Iñigo	Chief Operating Officer
Iñarritu Ibarreche, Juan Ramón	Financial Managing Director
Malumbres García, José Antonio	Technology Managing Director
Monzón Arribas, Teodoro	Wind Farm Development and Sales Managing Director
Perea Sáenz de Buruaga, Javier	Offshore Managing Director
Blanco Dieguez, José Luis	Commercial and Projects Managing Director
Zarza Yabar, Félix	Manager of Internal Audit

Total senior management remuneration (in thousands euros)	4,378
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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	8
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	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
<p><u>1. The remuneration of the members of the Board of Directors according to the internal regulation of the company:</u></p> <p>The internal regulation of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. rules the remuneration of the members of the Board of Directors in the following articles:</p> <ul style="list-style-type: none"> - Article 46 of the Bylaws - Article 31 of the Board of Directors Regulation <p><u>2. Application of the internal regulation of the company in the remuneration of the Board of Directors in the fiscal year 2011:</u></p> <p>According to the "Report regarding the remuneration policy of the Board of Directors in the fiscal year 2011 and its application in the fiscal year 2010", approved by the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., and submitted to consultative voting in the Shareholder's General Meeting that took place on May 25, 2011, we proceed to detail the remuneration system that was effectively applied by GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and, more precisely, during the fiscal year 2011.</p>

Remuneration of the members of the Board of Directors for their activity as Directors:

The remuneration of the members of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. for their activity as Directors is on one hand an annual fixed remuneration for their membership of the Board of Directors and of the Audit and Compliance Committee and Appointment and Remuneration Committee and on the other hand an allowance for attending the meetings of the Board of Directors and the meetings of the above-mentioned Committees.

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., on proposal of the Appointments and Remuneration Committee, approved the freeze of the fixed remuneration and of the attendance allowances of the meetings of the Board of Directors and of the Committees.

Remuneration of the Chairman and Chief Executive Officer and of the rest of Executive Directors, if applicable:

According to the By-Laws and the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the remuneration of the Directors for the performance of his activity is independent to the remuneration that, with a general or singular character, is recognized to the members of the Board of Directors that fulfil executive duties or professional orders.

The basic principle of the remuneration policy of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is to establish an attractive remuneration structure for the Chairman of the Company which contributes to the fulfilment of the strategic objectives of the Business Plans defined by the Board of Directors.

a) Remuneration of the Chairman and Chief Executive Officer:

The remuneration that the President and CEO shall receive for the performance of his executive duties covers the following concepts:

- Fixed remuneration
- Variable remuneration:
 - o Annual and/or
 - o Long term and/or
 - o Bylaw items and risk coverage.

The annual Variable Remuneration has as reference indicators and key objectives for the fulfilment of the strategic objectives of the Company defined in the Business Plan 2011-2013 (growth, cost of energy and efficiency).

On the other hand, the Shareholders' General Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held on May 25, 2011 approved the implementation of a Long Term Incentive Plan through the delivery of shares of the company (hereinafter, the "Plan") aimed to the Chairman, Senior Managers, Managers and employees of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and, if applicable, of the dependent companies, bound to the achievement of the strategic targets of the Business Plan 2011-2013.

b) Remuneration of the Member-Secretary-Legal Adviser of the Board of Directors and Secretariat of the Committees:

According to the By-Laws and the Board of Directors Regulations, the Member-Secretary-Legal Adviser of the Board of Directors and Secretary non member of the Committees receives remuneration for the professional services he renders that the Company entrusts him. On the contrary, the remuneration policy of the Board of Directors does not include the payment of a Variable Remuneration being limited this variable remuneration to the President and CEO of the Company.

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 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

Matters on which the remuneration policy report takes a stance

The fifth final disposition of the Law 2/2011, of March 4, of Sustainable Economy, included a new article 61 ter in the law 24/1988, of July 28, of the Securities Market, which states that the Board of Directors of the public companies must prepare an annual report about the remuneration of its Directors and must include complete, clear and understandable information about the remuneration policy of the company approved by the Board of Directors for the current year, as well as a global summary of how the remuneration policy was applied during the year and the detail of the individual remuneration of each Director.

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. fulfilling the previous regulation prepared, in its meeting of April 15, 2011, the abovementioned annual report about the remuneration of its Directors, report that was informed by the Appointment and Remuneration Committee and was submitted to consultative voting, as a separate item on the agenda, in the Shareholders’ General meeting of May 25, 2011.

The report about the remuneration policy describes the following items:

- a) Competent body for establishing the remuneration of the Board of Directors, global limit to the remuneration and moderation and adaptation to the post principles
- b) Remuneration of the members of the Board of Directors for their activity as Directors (fixed remuneration, attendance allowances, by-law items, risk coverage, compensations for resignation before the ending of the appointment period), application of the remuneration policy of the Board of Directors in the fiscal year 2010, and application of the remuneration policy of the Board of Directors in the fiscal year 2011.
- c) Chairman and CEO remuneration, and of the rest of Executive Directors, if applicable:
 - a. Company’s Chairman and CEO remuneration:
 - i. Fixed remuneration
 - ii. Variable remuneration (annual variable remuneration, long term variable remuneration, by-law items and risk coverage)
 - iii. Application of the remuneration policy of the Chairman and CEO in the fiscal year 2010.
 - iv. Application of the remuneration policy of the Chairman and CEO in the fiscal year 2011

v. Basic conditions of the contract of the Chairman and CEO:

1. Applicable regulation.
2. Indefinite duration and compensations.
3. Non concurrence.
4. Confidentiality.

b. Remuneration of the Member-Secretary-Legal Adviser of the Board of Directors:

- i. Application of the remuneration policy of the Member-Secretary-Legal Adviser of the Board of Directors in the fiscal year 2010.
- ii. Application of the remuneration policy of the Member-Secretary-Legal Adviser of the Board of Directors in the fiscal year 2011.

d) Long Term Incentive Program 2011-2013.

1. Application of the remuneration policy of the Board of Directors in the fiscal year 2010:

The application of the remuneration policy of the Board of Directors in the fiscal year 2010 has been ruled by the following parameters:

1. The Board of Directors of Gamesa, at proposal of the Appointments and Remuneration Committee approved the freeze, for the fiscal year 2010, of the fixed remuneration and the attendance allowances to the meetings of the Board of Directors and of the Committees.
2. The amount of the insurance premiums of death or disability, on one hand, and on the other of public liability, has been adjusted according to the market situation in the field of that insurances, reducing the total amount of the paid premiums in approximately a 20% in comparison to the fiscal year 2009.
3. The appointment during 2010 of a Deputy Chairman of the Board of Directors and of a Lead Independent Director has determined the yield of quantities for the exercise of those posts that on the fiscal year 2009 had only been yield on one part.
4. According to Article 61 *ter* of the Law 24/1998, July 28, of the Securities Market, introduced by Law 2/2011, March 4, of Sustainable Economy, the following detail of the yield remuneration of the external Directors is given:

- Juan Luis Arregui Ciarsolo (Deputy Chairman, Member App. and Rem. Com.).....	201,784.24€
- Carlos Fernández-Lerga Garralda (Chairman App. And Rem. Com. and LID).....	211,306.46€
- José María Vázquez Eguskiza (Chairman Audit and Compliance Com.).....	194,262.01€
- Pedro Velasco Gómez (member Audit and Compliance Com.).....	155,362.01€
- Luis Lada Díaz (member Audit and Compliance Com.).....	155,362.01€
- Santiago Bergareche Busquet (member App. and Rem. Com.).....	147,262,01€
- Iberdrola S.A.....	98,262.01€
- Benita Ferrero Waldner.....	83,409.26€
- Pascual Fernández Martínez.....	30,886.08€
- TOTAL	1,277,896.13€

The amount of the remunerations includes the total of the indicated concepts: fixed remuneration, attendance allowances, imputation of the cost of the public liability insurance of directors and managers and insurance premium for death or disability.

5. The total remuneration of the external Directors rises, consequently, to 1,227,896.13 euro, which represents the 2.2% of the net benefit of the fiscal year of the Company (57,548,501.12 euro).

2. Application of the remuneration policy of the Board of Directors in the fiscal year 2011:

The Board of Directors of Gamesa, on proposal of the Appointments and Remuneration Committee, has approved the freeze until new agreement, of the fixed remuneration and of the attendance allowances of the meetings of the Board of Directors and of the Committees.

3. Application of the remuneration policy of the Chairman and CEO in the fiscal year 2010:

The application of the remuneration policy of the Chairman of the Company during the fiscal year 2010 has been determined by the following parameters:

- The approval by the Board of Directors, at proposal of the Appointments and Remuneration Committee, of the fixed and variable remuneration and other contract conditions, including the assignment of the maximum number of "theoretical shares" of the long term incentive Program (Share plan 2009-2011) linked to the Business Plan 2009-2011, approved by the Shareholders' General Meeting of 2009 in the item nine of the Agenda.
- According to Article 61 ter of the Securities Market Law, introduced by the Sustainable Economy Law, the following detail of the yield remuneration of the Chairman is given:

TOTAL remunerations1,385,533.01€

- The total of remunerations includes the annual fixed and variable remuneration yield in the fiscal year 2010, as well as the cover yield in the accountancy and reflected in the annual report of the annual accounts of the Company that corresponds to the long term incentive of the Shares Plan 2009-2011.

4. Application of the remuneration policy of the Chairman and CEO in the fiscal year 2011:

The annual fixed and variable remuneration of the Chairman and CEO for the fiscal year 2011 is guided by the moderation principle and will include as remuneration concepts:

- a fixed remuneration, having agreed the freeze of it on initiative of the Chairman, maintaining it in the current terms under the moderation principle.
- a variable remuneration, linked to the aforementioned performance indicators.
- the assignment, if applicable, of a long term incentive bound to the Business Plan 2011-2013.

5. Application of the remuneration policy of the Member-Secretary-Legal Adviser of the Board of Directors in the fiscal year 2010:

- In his/her condition as member of the Board of Directors shall receive the fixed remuneration, allowances, bylaw items and risks coverage according to the set of rules established for all External Directors.
- The Board of Directors, at proposal of the Appointments and Remuneration Committee, has approved the terms of the contracts of services for his post, on one hand, as Secretary-Legal Adviser of the Board of Directors and, on the other, as Secretary of the two Committees of the Board of Directors (Audit and Compliance Committee and Appointments and Remuneration Committee).
- No compensations for resignation before the ending of the appointment period are foreseen.
- According to Article 61 ter of the Securities Market Law, introduced by the Sustainable Economy Law, the following detail of the yield remuneration of the Member-Secretary of the Board of Directors and the Committees:

TOTAL remunerations373,262.01€

- The total of remunerations includes the annual fixed and allowances yield for his post as Director, according to the general set of rules, and includes also the amounts for the performance of the executive duties of the Company, in particular, as Secretary-Legal Adviser of the Board of Directors and Secretary of the Audit and Compliance Committee and the Appointments and Remuneration Committee.

6. Application of the remuneration policy of the Member-Secretary-Legal Adviser of the Board of Directors in the fiscal year 2011:

The annual fixed remuneration and allowances those for being a Director are freezed, like for all the other Directors, until new agreement. Regarding the remuneration for the executive duties that he/she carries out, the professional services contracts, on one hand, as Secretary-Legal Adviser of the Board of Directors and, on the other hand, as Secretary of the two Committees of the Board (Audit and Compliance Committee and the Appointments and Remuneration Committee) are freezed, on initiative of the Member-Secretary, with maintenance of the current terms under the moderation principle.

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. Likewise it informs the Board of Directors, for its approval, about the multi-year incentive systems, according to the Article 19.5.k) of the Board of Directors Regulations.

	Yes	No
Has external advice been used?	X	
Identity of the external consultants	- J&A Garrigues, S.L.P. - Uría Menéndez Abogados, S.L.P.	

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 companies owning 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
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.	Internal Audit Manager for Renewable Business

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

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 No

Description of amendments

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 32 of the GAMESA CORPORACIÓN TECNOLÓGICA, S.A. By-Laws the members of the Board are "elected by the Annual General Meeting" with the forecast that "*if vacancies arise during the period for which Directors are appointed, the Board of Directors can appoint shareholders to occupy them until the first Annual General Meeting is held*" and always in accordance with the provisions contained in the Capital Companies Law (Ley de Sociedades de Capital) and the By-Laws.

According to Articles 19.5. b) and 23.2 of the Board of Directors Regulations the proposals for the appointment of Directors that 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. Article 23.3 of the Board of Directors Regulations establishes that "*when the Board of Directors declines the proposal or the report of the Appointment and Remuneration Committee, it must justify its reasons and include a record of it in the minutes.*"

Article 24 of the same Regulations additionally states that "*the Board of Directors and the Appointment and Remuneration Committee shall make an effort, within the sphere of their competencies, to ensure that the proposal and appointment of candidates falls on individuals of renowned reputation, credibility, solvency, competence and experience. They shall take special care regarding the individuals called upon to fill the positions of Independent Directors.*"

In the case of Directors who are legal persons, the individual who represents them in performing the functions of the position shall be subject to the conditions of reputation, credibility, solvency, competence and experience set forth in the preceding paragraph and shall be personally required to carry out the Director's duties set forth in these Regulations."

Finally, the Article 19.5 ñ) 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 144470 sent to the CNMV on date May 25, 2011, the Shareholders' General Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. approved the ratification of the appointment as member of the Board of Directors, under the category of external independent, of Mr. José María Arcama Yoldi, appointed by cooption by the Board of Directors, at proposal of the Appointments and Remuneration Committee in his meeting held on February 23, 2011 (Significant Event number 139850).

According to the Significant Event number 154731 sent to the CNMV on date December 14, 2011, the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., with prior report of the Appointments and Remuneration Committee, the appointment, by cooption, of Ms. Sonsoles Rubio Reinoso as member of the Board of Directors under the category of external proprietary.

Reappointment procedure:

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

Assessment procedure:

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

In 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 April 15, 2011. 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 aforementioned meeting of May 25, 2011.

Vacation procedure:

The vacation of directorships is governed by Article 27 of the Board of Directors Regulations which sets forth that *"The Directors shall stand down once the term of office for which they were appointed has elapsed, without prejudice to the possibility of being re-elected, and whenever the General Shareholders' Meeting may so decide pursuant to its legal and statutory powers. Likewise, the Board of Directors may 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 Capital Companies Law (*Ley de Sociedades de Capital*) and in the Companies Registry Regulations (*Reglamento del Registro Mercantil*).

Additionally the section 2 of the Article 27 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).

B.1.20 State the circumstances in which directors are obliged to stand down.

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

- a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease to be the holders of significant stable stakes in the Company, as well as whenever such shareholders revoke the representation.*
- b) Concerning Executive Directors, whenever the Board may deem fit.*
- c) Concerning External Directors, whenever they join the Company's management or the management of any of the Group's companies.*
- d) Concerning Independent Directors, when for any other reason any of the circumstances set forth in Article 8.2 of these Regulations apply, causing an incompatibility with their status as an Independent Director.*
- e) Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations.*
- f) Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporations Law (Ley de Sociedades Anónimas) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offense brought by the supervisory authorities.*
- g) When they reach the age of 70 years. Standing down as a Director shall come about during the first meeting of the Board of Directors 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 stand down from executive positions linked to their appointment as a Director.*
- i) Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a Director.*
- j) Whenever their continuity on the Board may put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.*
- k) When acts attributable to the Director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."*

Resignations occurred:

According to the Significant Event 138165 sent to the CNMV on February 14, 2011, the external independent Mr. Santiago Bergareche Busquet resigned, through a letter addressed to GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and received on February 11, 2011, as Member of the Board of Directors and of the Appointment and Remuneration Committee because of strict personal reasons related to the dedication that his responsibilities in other companies demand him.

According to the Significant Event number 154731 sent to the CNMV on date December 14, 2011, in the meeting of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held on the same day, the external proprietary Director Mr. Pedro Velasco Gómez resigned, for personal reasons, as member of the Board of Directors and of the Audit and Compliance Committee.

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 External Independent Director of the Company as Lead Independent Director

Pursuant to the provisions set forth in Article 6.2.c) of the Board of Directors Regulations, the Board of Directors will adopt all measures necessary for assuring that a single individual or a small group of people shall not hold decision-making powers that are not subject to checks and balances.

Article 11 of the Board of Directors Regulations establishes that "*when the Chairman of the Board also acts as the Company's CEO, the Board of Directors may, subject to a report from the Appointment and Remuneration Committee, empower one Deputy Chairman, in the case of an Independent Director, or one of the Independent Directors so that he/she may (i) coordinate and echo the concerns of the External Directors, (ii) request that the Chairman call a Board meeting or include new items in the Agenda whenever deemed advisable, (iii) supervise the Board's assessment of its Chairman, and (iv) propose amendments to the Regulations of the Board of Directors.*"

Consequently, the presence of a Lead Independent Director means a limit to concentrate too much power in a single person.

In the meeting of the Board of Directors of April 21, 2010 it was approved to appoint the external independent Director Mr. Carlos Fernández-Lerga Garralda as Lead Independent Director (Significant Event number 123906).

2. Absence of the Chairman and CEO in the meetings of the consultative and supervisory Committees of the Board of Directors

The Board of Directors Regulations states in the Articles 18.1 and 19.1 that the Audit and Compliance Committee and the Appointments and Remuneration Committee are comprised of a minimum of three and a maximum of five External Directors.

Consequently, because of the executive category of the CEO he can not be a member of any of the aforementioned Committees of the Board of Directors, that have information, advisory and proposal, supervision and control faculties, as it is expressly prohibited in the By-Laws, the Board of Directors Regulations and in the Audit and Compliance Committee Regulations. All of it without prejudice of the request of the aforementioned Committees that the Chairman and CEO informs in them about matters of his competence.

3. Functions reserved to the Board of Directors

Following the Article 5 of the Board of Directors Regulations establishes the mission and functions of the Board of Directors and of its content it is remarkable paragraph 7 that states that *"Any powers which pursuant to Law, the Bylaws or an express internal rule are reserved exclusively to the Board of Directors may not be delegated."*

4. Assessment of the Chairman and CEO

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

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 11 of GAMESA CORPORACIÓN TECNOLÓGICA’s Board of Directors Regulations sets forth that “when the Chairman of the Board also acts as the Company’s CEO, the Board of Directors may, subject to a report from the Appointment and Remuneration Committee, empower one Deputy Chairman, in the case of an Independent Director, or one of the Independent Directors so that he/she may (i) coordinate and echo the concerns of the External Directors, (ii) request that the Chairman call a Board meeting or include new items in the Agenda whenever deemed advisable, (iii) supervise the Board’s assessment of its Chairman, and (iv) propose amendments to the Regulations of the Board of Directors.”

B.1.22 Are reinforced majorities other than the statutory majorities required for any kind of decision?

Yes X

No \geq

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	Quorum	Type of Majority
All resolutions except those that require reinforced majority.	The Board of Directors shall be validly constituted when more than one half of its members are present or represented at the meeting. (Article 22.1. of the Board of Directors Regulations)	The resolutions shall be adopted by an absolute majority of votes cast by present or represented Directors (Article 22.4. of the Board of Directors Regulations).
a) Permanent delegation of powers and appointment of the Directors that will exercise them, which requires a favourable vote by two thirds of the Directors. b) Any amendment of the Regulations of the Board of Directors, which requires a favourable vote of two-thirds of the Directors, either present or represented at the meeting, except in cases when these amendments are imposed by law. (Article 22.4. of the Board of Directors Regulations).	The Board of Directors shall be validly constituted when more than one half of its members are present or represented at the meeting. (Article 22.1. of the Board of Directors Regulations)	Favourable vote by two thirds of the Directors. (Article 22.4. 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

Description of the requirements

B.1.24 State whether the chairman has a casting vote:

Yes No

Matters on which there is a casting vote
Article 22.5 of the Board of Directors Regulations status that <i>"in case of a tie, the Chairman of the Board of Directors shall have a casting vote."</i>

B.1.25 State whether the bylaws or the Board regulations set any age limit for directors:

Yes No

Age limit for Chairman 70

Age limit for CEO 70

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

Maximum number of years for term of office

See note (B.1.26) in section G contained herein.

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

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 24 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 32.2 b) of the Board Regulations, *"in the event that a Director is not able to attend the meetings to which he/she has been called due to the justifiable reasons, he/she shall leave instructions to the Director who shall represent him/her if at all possible, assuring that said representation and vote are entrusted a Director who is operating under the same position."*

The Board of Directors Regulations states that the Director shall assure that the delegation of representation and vote is made to a Director that posses his same category.

For the 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 38 of By-Laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. *"any Director can issue a vote in writing or confer powers of representation to another Director, which are specific to each meeting, by notifying the Board Chairman or Secretary using any of the means that permit its reception. Directors, having previously informed themselves about the items that are submitted to the approval of the Board of Directors, must include voting instructions."*

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	12
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	10
Number of meetings of the Appointments and Remuneration Committee	9
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	4
% of non-attendances compared to the total of votes during the financial year	3.32%

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

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 43 of the By-Laws sets forth, among others, the following competencies for the Audit and Compliance Committee:

- f) *"Supervising the financial reporting process and internal control systems relating to the Company's main risks.*
- g) *Staying in contact with auditors to receive information on matters that could jeopardize their independence and any other matters relating to the audit process, including other communication matters established in audit legislation and regulations.*
- h) *Acting as the communication channel between the Board of Directors and auditors, evaluating the results of each audit and the management team's responses to recommendations, and assessing disagreements between auditors and the Board in relation to financial statement preparation principles and criteria."*

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

Along the same lines, Article 6 of the Audit and Compliance Committee Regulations (hereafter, the Audit and Compliance Committee Regulations) sets forth among this Committee's main functions regarding external audits:

- f) *"Serve as a communications channel between the Board of Directors and the External Auditor, with no prejudice of the relation between the Financial Directorate of the Company and the External Auditor, and of the direct interlocutory and reporting role that said management should maintain regarding this matter with the Committee in the issues mentioned in the present Article.*
- g) *Evaluate the results of each audit as well as the management team's responses to its recommendations. Mediate in cases of discrepancies between the External Auditor and the management team, in relation to the principles and criteria applicable to the preparation of the financial statements.*
- h) *Review the audit reports before they are issued, and, if necessary, the reports about the limited revision of the intermediate accounts, making sure that the content and opinions concerning the annual accounts are expressed clearly, precisely, and without qualifications by the External Auditor."*

One of the main 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, 2011:

- appearance on February 22, 2011 related to the preparation of the annual accounts referring to the financial year ending on December 31, 2010.
- appearance on July 21, 2011 related to the limited revision about the intermediate financial statements of June 30, 2011.
- appearance on September 20, 2011 related to the presentation by the new external Auditor, for its later analysis, of those internal procedures that they have implemented to look after their independence with the audited company and of the threats that may compromise their independence as well as the safeguard measures taken to attenuate those factors.
- appearance on December 13, 2011, related to the most relevant aspects, identified in its preliminary stage, about the annual accounts of the financial year ending in December 31, 2011; and related to the recommendations for the improvement of the internal control system of financial information.

B.1.33 Does the Secretary to the Board also hold a directorship?

Yes X

No \geq

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. v) b), 13 and 19 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
<p>Article 13.3 of the GAMESA CORPORACIÓN TECNOLÓGICA S.A. Board of Directors Regulations sets forth that <i>"the Secretary shall at all times look after the formal and material legality of the Board's actions and specially ensure that the Board's actions:</i></p> <p><i>a) Observe the required formal and material legality and comply with the provisions emanating from the regulatory bodies and, where appropriate, with their recommendations.</i></p> <p><i>b) Comply with the Company's Bylaws and with the Regulations of the Board of Directors, of the General Shareholders' Meeting and other Company regulations.</i></p> <p><i>c) Take into consideration the recommendations on good corporate governance issued by the regulatory bodies which the Company has accepted in its Bylaws and in the Company's internal regulations.</i></p> <p><i>d) Process all requests of the Board Members relating to the information and documentation for any matters that the Board of Directors needs to be aware of."</i></p>

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 43.3g) y h) of the By-Laws, Article 18.4 g) 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"*.

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

It is also remarkable Article 18.4.i) of the Board of Directors Regulations that states that the Audit and Compliance Committee has the responsibility of *"prior to the auditor's report, issue an annual report expressing an opinion about the independence of the auditors. In any event, this report must contain an opinion on the provision of the additional services referenced in paragraph h) above."*

Regarding 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 at least 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

Former auditor	Current auditor
DELOITTE, S.L.	PRICEWATERHOUSECOOPERS, S.L.

If there have been any disagreements with the former auditor, explain their contents:

Yes

No

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

No

	Company	Group	Total
Amount of work other than auditing work (thousands euros)			
Amount of work other than auditing work / total amount invoiced by the auditing firm (%)			

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

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	1	1

	Company	Group
Number of years audited by the current auditing firm / Number of years the company has been audited (in %)	4.76%	4.76%

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.	0.514%	None
IBERDROLA, S.A.	IBERDROLA GENERACIÓN, S.A.	100%	Single Administrator
	IBERDROLA ENERGÍA, S.A.	100%	Single Administrator
	IBERDROLA INGENIERÍA Y CONSTRUCCIÓN, S.A.U.	100%	None
	SCOTTISH POWER, LIMITED	100%	None
Rubio Reinoso, Sonsoles	IBERDROLA, S.A.	0.000%	Internal Audit Manager for Renewable Business
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

No

Details of the procedure

Pursuant to the provisions set forth in Article 30 of the Board of Directors Regulations "in order to be aided in the performance of their duties, the External Directors may request the contracting of legal, accounting and financial experts, as well as the aid of other experts at the Company's expense. The request must necessarily be related to specific problems of a certain relevance and complexity that arise during the performance of the duties.

The request to contract such experts must be presented to the Chairman or the Secretary to the Board of the company, which will forward it to the approval of the Board of Directors, which can decline it, among others, in the following events:

- a) it is not necessary in order to prop performance the functions entrusted to the External Directors;*
- b) its cost is unreasonable when compared to the importance of the issue and the Company's assets and revenues;*
- c) the required technical assistance can be adequately provided by the in-house experts and technicians;*
- d) it may entail a risk to the confidentiality of the information that has to be handled."*

Likewise, Article 31 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 "*may request external professional advice, in which case the provisions set forth in these Regulations shall apply*", in order to improve the performance of its functions pursuant to Article 19.12 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

No

Details of the procedure

Article 37 of the By-Laws states that "*the convening of the Board of Directors meeting and the sending of the necessary documentation and any sharing of documents among Board members will be via letter, fax, telegram, email or any other digital means allowed by law that ensures correct receipt.*"

Similarly, Article 32.2.a) of the Board of Directors Regulations sets forth that "*the Directors shall be obliged to inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong.*"

Additionally, Article 29 of the Board of 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 right to information shall also extend to the companies of the Group, weather national or foreign.*"

In order not to disturb the Company's day-to-day management, the exercise of the right to information shall be channeled through the Chairman, the Chief Executive Officer or the Secretary of the Board."

At last we remark that the Article 20.2 of the Board of Directors Regulations establishes that the *"ordinary meetings may be called by means of letter, fax, telegram, e-mail or by any other electronic or telematic method allowed by law that ensures correct receipt, and shall be authorized by the signature of the Chairman or the Secretary by order of the Chairman. The meeting notification shall be issued with at least three (3) days notice. The notification shall include the meeting agenda and all relevant information."*

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 27 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) *"Whenever due to circumstances beyond their control, they are involved in a conflict of interest or prohibition as set forth in current legislation, the Bylaws or these Regulations."* (Article 27.2.e).
- b) *"Whenever they are brought to trial for a supposedly criminal act or a court ruling is passed against them for the opening of trial for any of the offences set forth in the provision of the Corporate Companies Law (Ley de Sociedades de Capital) relating to the prohibitions on being an administrator, or whenever they are involved in disciplinary proceedings for a serious or very serious offence brought by the supervisory authorities."* (Article 27.2.f)
- c) *"Whenever they are issued a serious warning by the Audit and Compliance Committee or are sanctioned for a serious or very serious offence by a public authority for having breached their duties as a Director."* (Article 27.2.i).
- d) *"Whenever their continuity on the Board may put the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist."* (Article 27.2.j).
- e) *"When acts attributable to the Director acting in such a capacity cause a significant damage to the company's equity, or result in the loss of the business and professional reputation and credibility required for being a Director of the Company."* (Article 27.2.k).

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 27.6 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

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 COMMITTEE

Name	Office	Type
Vázquez Egusquiza, José María	Chairman	External Independent
Rubio Reinoso, Sonsoles	Member	External Proprietary
Lada Díaz, Luis	Member	External Independent
Rodríguez-Quiroga Menéndez, Carlos	Secretary (Non-Member)	Executive

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Office	Type
Fernández-Lerga Garralda, Carlos	Chairman	External Independent
Arregui Ciarsolo, Juan Luis	Member	Other External Directors
Aracama Yoldi, José María	Member	External Independent
Rodríguez-Quiroga Menéndez, Carlos	Secretary (Non-Member)	Executive

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 the Audit and Compliance Committee Regulations, the Committee is a consultative and informative internal body of the Board of Directors having powers of information, consulting and proposal making, as established in the By-Laws and the Board of Directors Regulations.

Organization

In accordance to Article 18 of the Board of Directors Regulations and Chapter III 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 a minimum of three (3) and a maximum of five (5) External Directors, being at least one of them an External Independent Director, appointed for a maximum period of four (4) years by the Board of Directors, on proposal of the Appointments and Remuneration Committee, among the External Directors.
- b) The Audit and Compliance Committee chooses a Chairman and a Secretary.
- c) The members of the Committee shall leave their position:
 - a. When they cease to be Directors of the Company.
 - b. When they loose their conditions as external Directors.
 - c. When they become members of the Executive Delegate Committee.
 - d. Upon decision of the Board of Directors.

Operational rules

In accordance to Article 18, 19, 20, 21 and 22 of the Audit and Compliance Committee Regulations, the operational rules of the Audit and Compliance Committee can be summarized as follows:

- a) At the beginning of each fiscal year the Audit and Compliance Committee approves the meetings ordinary calendar, at least four (4), with the aim of fulfilling the entrusted duties.
- b) The Committee shall be validly constituted when more than half of its members are either present or represented.
- c) Decisions shall be adopted by absolute majority of the Committee members attending the meeting. In case of tie the Chairman will have quality vote.

Committee deliberations and decisions shall be registered in a Minute that shall be signed by the Chairman and the Secretary or those acting in their stead. The minutes shall be approved by the Committee at the end of the meeting or at the beginning of the following meeting.

- d) 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 43 of the By-Laws, Article 18 of the Board of Directors Regulations and Article 5 of the Audit and Compliance Committee Regulations establish the main duties of the Audit and Compliance Committee.

Article 18.4 of the Board of Directors Regulations establishes that the Audit and Compliance Committee shall have at least the following basic responsibilities:

- a) Inform the General Shareholders' Meeting about any matters that the shareholders may raise regarding matters within its competence.
- b) Propose to the Board of Directors for submission to the consideration of the General Shareholders' Meeting the appointment of the external auditors, as provided for by the Corporations Act, as well as their contracting conditions, the scope of their professional mandate and, as the case may be, the renewal, revocation or non-renewal, and oversee their independence.
- c) Oversee the effectiveness of the internal auditing services of the Company and its Group, approving the Internal Audit Plan and overseeing material and human resources, both internal and external, of the Internal Audit Department required to perform its tasks. Likewise, it shall inform about the appointment or dismissal of the Internal Audit Director and evaluate together with the auditors any significant weaknesses detected in the internal control system, as the case may be, during the course of the audit.

- d) Supervise the effectiveness of the Company's internal control system and the risk management systems, and analyze together with the auditors any significant weaknesses detected in the internal control system, as the case may be, during the course of the audit.
- e) Supervise the setting and review of the risk map and levels that the Company may consider as acceptable.
- f) Supervise the financial reporting process and review the information that the Company must periodically and/or statutorily make available to the markets and their supervisory bodies, with the necessary level of detail as to ensure its accuracy, reliability, sufficiency and clarity.
- g) Maintain relationships with the auditors in order to receive information on any matters that may put their independence at risk and regarding any other matters concerning the audit process, as well as any other communications laid down by the audit legislation and technical audit standards, and act as a channel of communication between the Board of Directors and the auditors, assess the results of each audit and the management team's responses to its recommendations, and evaluate the cases of discrepancies between them, regarding the principles and criteria applicable to the drawing up of financial statements.
- h) In any event, it should receive from the auditors an annual confirmation of their independence from the Company or enterprises that are directly or indirectly related to it, as well as the information about the additional services of any type that have been provided to these entities by the auditors, or by the persons or entities linked to them, in accordance with the legislation on the auditing of financial statements.
- i) Prior to the auditor's report, issue an annual report expressing an opinion about the independence of the auditors. In any event, this report must contain an opinion on the provision of the additional services referenced in paragraph h) above.
- j) Check the content of the auditor's reports before they are issued, in order to make sure that their content and the opinions expressed therein about the annual accounts are drafted clearly and precisely, and oversee the fulfilment of the audit agreement.
- k) Ensure compliance with legal requirements and the correct application of generally accepted accounting principles, and inform the Board of any significant changes in accounting criteria and in both on- and off-balance sheet risks.
- l) Inform about the transactions that entail or could entail conflicts of interest or about the transactions with shareholders owning a significant stake and, in general, concerning the matters set forth in Chapter IX of these Regulations.
- m) Inform about the possible authorization or waiving to be granted by the Board to the Directors in accordance with Article 5.4.iii).e) of these Regulations.
- n) Approve transactions entailing a conflict of interest or transactions with a shareholder owning a significant stake, when requested by the Chairman of the Board of Directors, under the terms of, and in accordance with Articles 35.6 and 41.4 of these Regulations.

- o) Oversee compliance with the Internal Code of Conduct for the Securities Markets, with these Regulations and, in general, with the Company's rules of governance, and submit the proposals needed for their improvement.
- p) Receive information from the Statutory Compliance Unit regarding the aforementioned matters and, if necessary, issue reports on disciplinary measures to members of the Company's Top Management for not complying with the corporate governance obligations and/or the Internal Code of Conduct for the Securities Markets, and resolve any questions concerning corporate governance and its compliance which the Statutory Compliance Unit may raise in accordance with the Internal Code of Conduct for the Securities Markets.
- q) Bring the Annual Corporate Governance Report before the Board for its approval.
- r) Draw up an annual report on the Audit and Compliance Committee's activities.
- s) Supervise the operations of the Company's website in terms of making information on corporate governance publicly available.
- t) Provide information regarding matters within its competence on the Company's Sustainability Report or Social Responsibility Report for approval by the Board of Directors.
- u) Suggest amendments to the Regulations and inform about any amendments implemented, for approval by the Board of Directors.

Appointments and Remuneration Committee

Pursuant to Article 19 of the Board of Directors Regulations, the Appointment and Remuneration *"is responsible for managing the process for selecting the members of the Board of Directors and evaluating the appointments of the Company's Top Management, as well as for proposing to the Board of Directors the remuneration policy for these individuals and its supervision."*

Organization

In accordance to Article 44 of the By-Laws of the company and Article 19 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 a minimum of three (3) and a maximum of five (5) External Directors.
- b) The Appointments and Remuneration Committee shall elect a Chairman from among its members, who will be substituted every four years.
- c) 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.

Operational rules

According to Article 19 of the Board of Directors Regulations, the operational rules of the Appointments and Remuneration Committee shall be summarized as follows:

- a) The Appointment and Remuneration Committee shall meet at least four (4) times a year, and in any case whenever the Board of Directors or its Chairman requests the issuing of a report or the approval of proposals. In any event, it shall meet whenever it may be suitable to ensure that its functions are carried out properly, or when requested by two members of this 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 19 of the Board of Directors Regulations sets forth that *"without prejudice to other tasks assigned by the Board of Directors, the Appointment and Remuneration Committee shall have at least the following basic responsibilities:*

a) Inform and revise the criteria that must be followed for the composition of the Board of Directors and the selection of the candidates, defining the required functions and abilities, and evaluating the amount of time and dedication required to properly carry out their tasks. In order to exercise this role, the Appointment and Remuneration Committee must establish a reasonable balance between Proprietary Directors and Independent Directors, taking into account, as far as possible, the Company's ownership structure, the absolute and relative importance of significant shareholdings, and the level of continuity, commitment and strategic links with the Company of the owners of such shareholdings.

b) Inform the Board of Directors about the proposals for the appointment of Independent Directors for their appointment by co-optation or, as the case may be, for submission of such proposals to the consideration of the General Shareholders' Meeting, as well as the proposals for re-election or dismissal of those Directors by the General Shareholders' Meetings.

Inform about the proposals of the Board of Directors for the appointment of the remaining Directors for their appointment by co-optation or, as the case may be, for their submission to the consideration of the General Shareholders' Meeting, as well as the proposals for re-election or dismissal of those Directors by the General Shareholders' Meeting.

c) Inform the Board of the Directors, for approval, about the appointment and removal of the Chairman, Deputy Chairmen, Secretary and Deputy Secretary of the Board of Directors, of the Lead Independent Director and of the CEO.

d) Review and organize, as appropriate, the succession of the Company's Chairman and CEO, if any, and, where appropriate, submit proposals to the Board so that this succession can take place in an organized and planned manner.

e) Propose and provide, for approval by the Board of Directors, the list of members who should take part in each of its committees.

f) Propose to the Board of Directors the system and amount of the annual remuneration of the Directors, as well as the individual remuneration for the Executive Directors, along with the rest of their contractual conditions, all this in accordance with the provisions set forth in the Corporate Bylaws and in these Regulations.

g) Propose or inform, as the case may be, for approval by the Board of Directors of the appointment and dismissal of directors on administration bodies of companies in which it holds direct ownership.

h) Provide information concerning the Board's possible authorization or waiver granted to Directors, in the circumstance set forth in Article 34 of these Regulations.

i) Inform the Board of Directors, for approval, on the appointment or dismissal of the Company's Top Management at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board's Committees, depending on the individual or body to which the Company's Top Management reports, and on the definition and organization of the structure, organization chart and job description of the Company's Top Management at the request of the CEO.

j) Inform the Board of Directors, for approval, on the remuneration system and bands for the Company's Top Management, as well as on actual remuneration, including any compensation or severance pay in the event of dismissal or removal and other basic contractual conditions, regularly reviewing the remuneration programs at the request of (i) the Chairman of the Board of Directors or (ii) the CEO, depending on the person or body to which Top Management reports.

k) Inform the Board of Directors, for approval, about the multi-year incentive systems.

l) Ensure observance of the remuneration policy set by the Company and transparency concerning remuneration, reviewing the information about the remuneration of Directors and Senior Management that the Board of Directors must approve and include in the Company's publicly available documentation or information.

m) Draw up and provide annual updates of the list of positions that make up the Company's Top Management in accordance with the current organization chart and job descriptions.

n) Provide information regarding matters within its competence on Gamesa's Sustainability or Social Responsibility Report for approval by the Board of Directors.

o) Ensure that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory bias due to any reason whatsoever.

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 and the Board of Directors approved a new restated text in its meeting of April 15, 2011.

According to Article 18.4.r) of the Board of Directors Regulation and Article 16 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 same way, according to Article 19.10 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.

See note (B.2.5) in section G contained herein.

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

See note (B.2.6) in section G contained herein.

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)

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 transaction	Type of transaction	Amount (thousand euros)
IBERDROLA, S.A.	GAMESA EÓLICA, S.L.U.	CONTRACTUAL	SALE OF GOODS	551,241
IBERDROLA, S.A.	GAMESA ENERGÍA, S.A.U.	CONTRACTUAL	SALE OF NON-CURRENT INVESTMENTS	2,754

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 (thousand euros)

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 No

Name or trade name of the director	Description of the situation of conflict of interest
IBERDROLA, S.A.	According to the procedure established in Article 35 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. and/or companies of its group, have been deliberated or, if applicable, have been adopted, I have not participated in the deliberations, voting, decision making and execution of the respective agreement. As happened in the meeting of the Board of Directors of July 19, 2011 and December 14, 2011.

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.

Mechanisms:

a) *Possible conflicts of interests between the company and/or its group, and its Directors:*

Article 35 of the Board of Directors Regulations sets forth that any Director finding himself/herself in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board of Directors through its Chairman and 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 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 the Board of Directors for adopting a specific resolution.

The Board of Directors or the Audit and Compliance Committee, in order to draw up its report under the circumstances set forth in section 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) whether the affected 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 the Board of Directors 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:

- a) the regular and ongoing nature of the operation, along with its financial significance and/or the amounts involved;
- b) the need to set up control mechanisms covering the operation, due to its characteristics or nature;
- c) criteria of equality, objectivity, confidentiality and transparency in the providing and supply of information, when the alternative includes an offer directed to a group; and
- d) the transaction price and maximizing value for shareholders.

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 the current legislation, as well as any existing conflict of interest according to the current legislation, that occur during the year to which the annual accounts refer to.

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 Internal Regulations for Conduct in the Securities Markets of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., wording that was approved by the Board of Directors on July 22, 2003, modified by the Board of Directors on October 21, 2008 and newly modified with its approval by the Board of Directors on November 10, 2011.

The Internal Regulations for Conduct in the Securities Markets 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.

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 41 of the Board of Directors Regulations states that *"the Board of Directors formally reserves the knowledge of any Company or Director's transaction with a shareholder holding a significant stake, after receiving a report from the Audit and Compliance Committee."*

d) *Relationships of the Directors and/or Significant Shareholders with companies belonging to the Group:*

Article 42 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

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 CORPORACION TECNOLÓGICA, S.A. has a Risks and Opportunities Control and Management System in the whole organization (areas, departments, companies) and following the strategic line of globalization of the industrial, technological and commercial activity, in the different geographic areas in which it operates, developing a global and all-round vision in this system, that contributes to the achievement of the business objectives, to the value creation for the different stakeholders and to the sustainable and profitable development of the organization.

The Risk and Opportunities Control and Management Policy of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is the basis to this system, approved by the Board of Directors on April 22, 2009, which establishes, according to the reality of the company, the basis and general context on which all the risk control and management components lay down, delivering discipline and structure in relation to those components; management philosophy, risk/opportunities identification, evaluation, measurement and control, accepted risk level, communication, report and supervision executed by the Board of Directors, integrity, ethic values, competencies and assignment of duties.

This policy has the following main objectives:

- comply with applicable laws, regulations, standards and contracts;
- attain the objectives established by the Board of Directors within tolerance limits defined as acceptable;
- provide the maximum level of assurance to shareholders;
- protect the Corporation's results and assets and preserve the assets and reputation of it;
- practice an optimum control over the Corporation business areas and companies ensuring the reliability and integrity of information systems;
- defend the interests of shareholders, customers, employees, suppliers, other stakeholders interested in the running of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and "society in general";
- guarantee the corporate stability and the financial solidity in a sustained form in time.

To achieve these objectives the policy of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is complemented and applied by an organization, a model, procedures and information systems that allows identifying, evaluating, prioritizing and managing the risks and opportunities to which it is exposed, as described as follows:

- **Organization:** GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has a structured organization and it is geared to provide value working in the risk management and control. This structure includes:
 - Board of Directors, which supervises the risk identification, management and control policy.
 - Audit and Compliance Committee, which periodically supervises the internal risk and management risk systems, the fixation and review of the map and the risk levels that GAMESA CORPORACIÓN TECNOLÓGICA, S.A. considers acceptable.

- Management Committee (General, Corporate and Geographic Directorates), which as owners of the risk/opportunities linked to the developed activities, processes and projects, is responsible of the identification, evaluation and mitigation/elimination of them counting for that purpose with the support of the Risk Controllers network (this network is integrated by a team of persons appointed in each of the Directorates in which priority identified Risk/Opportunities exist.
 - Internal Audit, which carries out the independent supervision of the system control and reports to the Audit and Compliance Committee.
 - Corporate Risk Control Department (BRC), which defines the guidelines and coordinates activities with the network of Risk Controllers and with the responsible persons for the risk control BRC in the different geographical areas.
- **Risks Management and Control Model:** The Risks and Opportunities Control and Management Model starts from the risks classification according to the universal model "Business Risk Model (BRM)", approved by the Board of Directors in 2004, which considers and groups the risks in the following categories:
 - Setting Risks. Appear as a consequence of factors that are external and independent from the management of the company and that may influence directly or not in a significant way in the achievement of its objectives and strategies.
 - Processes Risks. The risks derived from the corresponding activity of the company. At the same time they are classified in Operational Risks, Management Risks, Technological Risks/Information Processes, Integrity Risks and Financial Risks.
 - Decision Making Information Risks. The risks that the information for the operational, financial or strategic is not reliable and/or complete.

To identify, evaluate, prioritize and control the risks/opportunities to which GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is exposed and decide in which measure those specific risks/opportunities are accepted, mitigated/strengthened, transferred/shared or avoided, there is a Risks/Opportunities Management and Control Procedure, approved in 2008 and was included in the certified management system. Since that moment it is reviewed every year, and if applicable, it is updated including improvements, good practices and lessons learnt from the experience and the benchmarking internal/external activities. The model BRM, is integrated in this process, as well as the good practices of methodologies and international approved referential as COSOII, ISO 31000, among others. In 2011 an improved revision of the process has been applied with new criteria for the evaluation of the impact of risks and opportunities, moving from the 5 criteria that were used until 2010 to a total of 11 criteria (Economic, Operational, Strategic, Safety and Health, Environment, Legal/Contractual, Image, Information and assets Safety, Fraud and/or corruption, Labour and scope).

- **Other procedures and information systems:** As follows other procedures that also develop and spread the model are described:
 - Crisis management procedure, being its object to coordinate the internal and external communication, agree the immediate actions and establish the management monitoring of serious incidents (operational, strategic, ethics security, catastrophes and other emerging risks), and of the restraint measures to avoid that the consequences of the detected incidents may grow.
 - Integrated Management System Procedures, in compliance with the Rules ISO 9001, ISO 140001 and OHSAS 18001, for the standardization of processes and control mechanisms.
 - Procedure to carry out benchmarking activities of risk control.
 - Internal Audit Manual and other rules for the specific diagnosis making, as checking and risk control tools.
 - Insurance Manual, as tool to guarantee the coverage of the risk derived of the industrial activity.
 - In the different information systems used to assure the reliability and the tracking of the information in the risk management is to be found, among others, data bases, command settings, indicators associated to the risks, computer applications as corporate ERP and GIS (Integral Security Management).

The applied methodology entails a **map of corporate risks/opportunities**, which is updated every three months monitoring the financial, tax, operational, strategic, legal risks/opportunities, and the activities, processes, projects, products and key services throughout all the business to evaluate on each quarter if changes in this map shall be necessary or not, because of variations of tendency in impact, probability and/or control and establish the necessary action plans. Additionally a more profound annual review is made simultaneously with the change/update of objectives of each annual period. Likewise specific maps for the principal industrial/commercial implantation geographical areas are being developed, and in 2011 the maps of Europe, USA, China and India were developed, establishing, if appropriate, if any risk of the same nature shall be included in the corporate map and/or the individual monitoring of a geographic risk in the corporate map. This way, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. carries out a continuous monitoring of the most relevant risks/opportunities, which is those that may commit the achievement of the business goals, and that may affect the economic profitability, financial solvency, corporate reputation, employees and environmental integrity and the fulfilment of the law.

To elaborate the map on each period the fundamental obliged reference is: (i) how the control/impact/probability level has ended in the previous period, (ii) the results of internal and external auditing, (iii) the indicators and (iv) priority action lines of the Business Plan of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. established for every defined period.

The description of the risks/opportunities in the map is carried out specifying as possible "where, when, how and why" the potential materialization of these can reach to affect the achievement of the goals (delay, prevent, strengthen).

The risks/opportunities identified and monitored during 2011 are the following:

- The effect in the demand risk of external factors like the regulatory uncertainty (in terms of fulfilment of the commitments of the governments for a stable regulation of sale of wind energy in the objective markets) is monitored, the evolution of the highly competitive markets environments and the continuous pressure on prices, with different relevance depending o the geographical area. In some cases other external factors are also monitored with wider scope like the evolution of the macroeconomic crisis. Despite this context GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has achieved to fulfil the guides communicated to the market for the year 2011, among other aspects, through the implementation of a commercial strategy adapted to the most convenient model in each geography, to the entry in new markets/new clients, to the maximum use of attractive opportunities in the emerging markets and the introduction of more efficient products in the market like the G97.
- In this context of demand, the work on the flexibility of the operations has continued, with special emphasis in the logistic and the supplier chain, controlling the adaptation of the organization, planning, manufacture and/or purchase to satisfy the demand of quantity, quality, cost and period of time, through, among other measures, of industrial reconfigurations and the synergies that are achieved with the globalization and implementation strategy in the different geographies. In this context the alignment of the stocks to the client orders is specially monitored.
- Aligned with the new Strategic Plan 2011-2013, those risk factors that may affect the 3 strategic vectors of it are monitored (Growth, Cost of Energy, and efficiency), controlling the launch of new platforms (G97/G10X/Offshore) and new services (GPA 99, enlargement of life of components, etc.) aligned with the demands of the market/clients and austerity programs and cost optimization and investments.
- The Environment, Safety and Health of the information areas are still strengthening the work lines orientated to excellence, applying the same control levels in all the business units and geographical areas. With certified management systems OHSAS18001, ISO 14001, ISO 9001 in the main geographies and having done different improvement steps, among whose the bigger requirement of the Information Safety Policy shall be pointed out. The bigger exposition because of the globalization and the risk evolution led GAMESA CORPORACIÓN TECNOLÓGICA, S.A. at the beginning of 2011 to apply a preventive and/or corrective focus according to the necessities to improve the control of the Information Safety (information register/ identification/ classification/ control), focusing in sensible matters for the business. Pointing out the start of a corporate action Plan established in different phases and headed by the Senior Management. The main objective of this plan is to protect the certain for the business highly sensible matters, and including other initiatives to go from IT Systems Continuity to Business Continuity.
- The financial (interest rate, change rate, taxes, credit, liquidity and commodities) and tax risks are controlled through specific policies, rules and procedures in an integrated way in the functions of the respective departments. The information about coverage and control of these risks is included along the legal report. Special consideration needs the monitoring and control of the financial necessities and the following fulfilment of covenants.

- In the frame of the financial information internal control system a model with focus on “top-down” financial information error risk identification is applied, starting with the financial statements most significant accounts, which means considering the impact on the financial statements (material aspect).
- In this context, those estimates, assumptions, critic judgements and projections with a significant effect on the financial information that has been spread to the securities market are periodically reviewed and evaluated by the Management and supervised by the Audit and Compliance Committee, on their evaluation of the specially critic procedures in the financial information preparation, prior to the drawing up of the financial statements, responsibility of the Board of Directors, through the meetings held with the Financial Management, External Auditor and the Internal Audit Director.
- Likewise an adequate segregation of functions in the administrative-accountancy and financial processes is available, as a consequence of the organizational structure that contemplates different responsibilities and controls on each activity level and on a corporate level.
- Throughout the legal report, the next significant matters are included in detail, among others: recognition of income/advance grade, deterioration of assets-commerce funds and intangible assets, other aspects of participated companies, wind generators guarantee provision, accounts receivable recovery, contingent liability, stocks, differed taxes, tax credits and financing necessities.

The risks/opportunities are evaluated according to their potential impact (economic, operational, strategic, commercial, health and safety of the people, in the environment, in the image, in the image, legal/contractual, image, information and assets safety, fraud y/o corruption, labour and considering its extent on a local level, of a geographical unit or on a group level), to its probability of occurrence and control level, for the appropriate decision making, establishing the most adequate actions that allow to take the risks to acceptable control levels and capitalizing the opportunities.

As part of the periodical revision and verification of the map, auditing and specific diagnosis to the risks included in the map are being carried out, so that an important part of the 2011 map risks have been audited and consequently appropriate amendments have been included in it.

The evaluation of the effectiveness risk management process is carried out on diverse ways, like, (i) evolution and tendency of indicators related to the risks under control and the effect in those of the action plans to answer to the specific risks/opportunities management and control, (ii) evolution of the valuation of the risks according to its critic level in direction to a reasonable zone (% of mitigation, elimination of risks, ...) and (iii) finally through the evaluation of the achievement level of the business objectives throughout every year and at the end of it.

In the general balance of the year 2011 an improvement in the control level of the majority of the processes is confirmed and a progressive mitigation dynamic of specific risks and closing of some of them.

In relation with the Internal Control System of the Financial Information SCIIF, additional information can be consulted in the Section "G" of the document "Additional Information to the Annual Corporate Governance Report 2011 of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., according to article 61 bis of Law 24/1998, of July 28, of the Securities Markets", annexed to the present Annual Corporate Governance Report.

See note (D.1) in section G contained herein.

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 X

No

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
Some of the inherent to the development of the own activities of the Business	In the development of the activities the main factors that have affected have been those detailed in section D.1. of the present report, among them, the evolution of the macroeconomic crisis.	The mitigation and control systems in the different areas have adequately functioned in 2011. During the fiscal year no material risks or extraordinary risks have been registered further than the inherent of the activity that develops Gamesa and the have been detailed in the Management Report, and in any case without compromising the results, the strategic objectives or the assets.

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, oversight and control body which examines and authorizes all relevant operations. It exercises the responsibility that can not be delegated, 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 of risks, as well as for the periodic monitoring of the main internal control and information systems.

<p>Chairman and CEO</p>	<p>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.</p>
<p>Audit and Compliance Committee</p>	<p>The Board of Directors has entrusted this Committee with these duties, among others:</p> <ul style="list-style-type: none"> • Supervise the financial information process, and review the periodic and/or obligatory information that the Company shall disclose to the markets and its supervision bodies, with the needed depth to confirm its correction, liability, sufficiency and clarity. • Supervise the efficiency of the Company's internal control system and the risk management systems, as well as analyze with the accounts auditors the significant weaknesses of the internal control system that have been recognized, if appropriate, in the development of the auditing. • Assure that the risks control and management policy identifies the different types of risks (operational, technological, financial, legal, reputation, etc.) that the Company must confront, including among the financial or economic, the contingent liabilities and other risks out of the balance sheet. • Supervise the fixation and review of the map and risk level that is accepted by the Company, as well as the previewed measures to mitigate the impact of identified risks, if they shall materialize. <p>The Committee is supported by Internal Auditing and Risks Control (BRC) when it comes to assessing and improving existing internal controls.</p>
<p>Executive Commission and Management Committee</p>	<p>They approve the risks given priority by the different business hubs, as well as the risk procedures, indicators and limits put forward. They guarantee the fulfillment of the procedures related to the risk management and control and that the personnel of every hub know the risk environment and control in every process.</p>

<p align="center">Regulatory Compliance Unit</p>	<p>Reports to the Management Committee and the Audit and Compliance Committee. The Regulatory Compliance Unit is the collegiate body in charge of the vigilance and monitoring of the regulations environment that affects the activity of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. The Regulatory Compliance Unit is integrated, to these effects, by the General Secretary, the Legal Affairs General Director, Internal Auditing Director and the Compliance Officer.</p> <p>Likewise it supervises and oversees compliance with the Internal Regulations for Conduct in the Securities Markets and the Code of Conduct being responsible, in particular, of promoting the compliance culture and the prevention of corruption and bribery and potential conflicts of interest in the Group.</p>
<p align="center">Internal Auditing Unit</p>	<p>With direct link to the Board of Directors, from which it depends on functions through the Audit and Compliance Committee, which permits it to guarantee the full independence in its performance. Its duty is to contribute to the good functioning of the Group, guaranteeing the efficient and independent supervision of the internal control system, and adding to the Group recommendations that shall contribute to reduce to reasonable levels the potential impact of the risks that difficult the achievement of the objectives of the Organization.</p> <p>Likewise has the objective of being the communication channel between the Organization and the Audit and Compliance Committee in relation with the matters within the competence of the Internal Auditing.</p>
<p align="center">Risk Control Unit (BRC)</p>	<p>Reporting to the Internal Auditing Unit, 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.</p>
<p align="center">Risk and Opportunities Control Committee</p>	<p>Qualified first level authority, in which main aspects related with the risk control and business opportunities are analyzed and approved, driving the development and general implementation in GAMESA CORPORACIÓN TECNOLÓGICA, S.A. of the Control and Risk/Opportunities Management Model, with the vocation of contributing to the achievement of the business goals, to the shareholders' value creation and to the sustainable development of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.</p> <p>In this Committee take part the BRC network (integrated by the Risk Control Department, the responsible of BRC in USA and China, and the Risk Controllers), and the Departments of Internal Auditing and Business Performance.</p>

D.4 Identify and describe the processes to comply with different the regulations affecting your company and/or its group.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.'s activities are either directly related to its activity of promoting and selling wind farms or indirectly to the manufacturing of wind turbines, with the generation and/or maintenance of special scheme electric power, 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.

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. counts with the support of the Legal Affairs Department through the legal advice of lawyers appointed to each General Directorate and Corporate Directorate according to its specific needs.

Additionally, GAMESA CORPORACIÓN TECNOLÓGICA, S.A. has specialized departments, with duties and persons responsible appointed for the control of the different regulations that affect its activity in the different geographic areas and the diverse companies it comprises. 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.

During 2011 the specific function "Global Compliance" has been given a specific procedure and has strengthened its functioning under the responsibility of the Regulatory Compliance Unit (UCN), that reporting to the Management Committee and the Audit and Compliance Committee, and with a collegiate character (General Secretariat, Internal Auditing, Legal Affairs and Compliance Officer) has the objective of making easier the vigilance of the fulfilment of the legal requirements of the different regulations: corporate-civil, wind energy business, customs, competition, intellectual property, labour, safety and health, environment, transport, products and materials, securities market, data protection and assets, tax and accountancy security. Indicators for the adequate report of the level of fulfilment and knowledge in each regulation sector have been established, as well as of the real or potential non fulfilments that the new regulations can lead and of the eventual sanctions derived from them. This function has a permanent coordination with the BRC network.

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. can count on the backing provided by the Secretary-Legal Adviser to the Board in his actions to deal with all its legal aspects, to check its statutory regularity, the fulfillment of all the regulation coming from the regulatory bodies and to watch for the observance of the Corporate Governance principles. Additionally, as set forth in its By-Laws, the Audit and Compliance Committee oversees compliance with legal requirements, with the Professional Codes of Conduct and Good Governance Codes that may approve the Board of Directors.

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

	% of quorum different from that set forth in Art. 102 of the Corp. Law (<i>LSA</i>) for general circumstances	% of quorum different from that set forth in Art. 103 of the Corp. Law (<i>LSA</i>) 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

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 (<i>LSA</i>) for the circumstances laid down in Art. 103.1	Other circumstances for a 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 Corporate Companies Law concerning general meetings.

In this regard, shareholder rights are set forth in detail in the General Shareholders' Meeting Regulations, which were approved in a new restated text by the Shareholders' General Meeting held on May 25, 2011. 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.
- d) Set up a Shareholders' Electronic Forum at the moment of the call of the Shareholders' General Meeting.

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 20, 2011 the following documents were published in the corporate website of the company:

- the notice of call to the Shareholders' General Meeting,
- the significant event (*hecho relevante*) reported to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) of the call to the General Shareholders' Meeting,
- the Agenda,
- the proposed resolutions,
- the annual financial statements, management report and the auditor's reports, individual and consolidated,
- the Directors' liability statement,
- the report regarding the proposal of a capital increase by means of a scrip issue,
- the professional and biographical data and other prescriptive information of Mr. José María Aracama Yoldi for the ratification by the Shareholders' General Meeting as external independent,
- the report regarding the proposal of a Long Term Incentive Plan bound to the achievement of the key targets of the Business Plan 2011-2013,
- the report regarding the proposal of amendment of the By-Laws,
- the report regarding the proposal of amendment of the Shareholders' General Meeting Regulations,
- the report regarding the remuneration policy of the members of the Board of Directors of Gamesa Corporación Tecnológica, Sociedad Anónima of the current fiscal year (2011) and the application of the remuneration policy in force in the previous fiscal year (2010),
- the report about the amendments of the Regulations of the Board of Directors approved by the Board of Directors on December 15, 2010,
- the report regarding the execution by the Board of Directors of the capital increase by means of a scrip issue approved by the Shareholders' General Meeting of May 28, 2010 ("Gamesa Flexible Dividend") with the consequently amendment of article 4 of the By-Laws,
- the report about the amendments of the Regulations of the Audit and Compliance Committee approved by the Board of Directors on April 15, 2011,
- the explanatory report of the additional information included in the management report according to Section 116 *bis* of the Securities Market Law,
- the Annual Corporate Governance Report of 2010,
- the annual activities report of the Audit and Compliance Committee of 2010,
- the sustainability report of 2010,
- the shareholder's guide,
- the current restated text of the By-Laws,
- the current restated text of the Regulations of the Shareholders' General Meeting,
- the current restated text of the Regulations of the Board of Directors,
- the current restated text of the Regulations of the Audit and Compliance Committee.

The above mentioned documents were 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 2011, as it was done for the first time in the year 2008, 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 Articles 179 to 190 of the Capital Companies Law (*Ley de Sociedades de Capital*), Articles 21 and the following in the By-Laws and Articles 12 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 35.8 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 (Article 8.7 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 2011 there has been an amendment of the Shareholders' General Meeting Regulations (hereinafter, the Regulations) of GAMESA CORPROACIÓN TECNOLÓGICA, S.A., amendment that led to the approval by the Shareholders' General Meeting of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held on May 25, 2011, of a new restated text of it.

The amendment of the Regulations was framed in the updating process of the internal regulations of the Company that was carried out during 2011 with the aim to adapt the regulations to the last amendments of the Law and to continue improving in the fulfilling of the recommendations of good governance of general recognition in the international markets.

In particular, the amendment of the Shareholders' General Meeting Regulations had the ultimate proposal of:

- Updating and improving the functioning regime of the Shareholders' General Meeting,
- Adapting it to the legislative amendment in corporate law introduced by (i) the Law 12/2010, of June 30, that modifies The Law 19/1988, of July 12, of Account Auditing, the Law 24/1988, of July 28, of the Securities Market ("*Ley del Mercado de Valores*") and the restated text of the Public Companies Law approved by Royal Legislative Decree 1564/1989, of December 22, for its adaptation to the European regulation (hereinafter, "Auditing Law"); (ii) the Royal Legislative Decree 1/2010, of July 2, that approves the restated text of the Capital Companies Law (hereinafter, "*Ley de Sociedades de Capital*"); and (iii) the Law 2/2011, of March 4, of Sustainable Economy;
- Coordinating it with the amendment of the By-Laws that was proposed to the Shareholders' General Meeting held on May 25, 2011; and
- Carrying out certain technical improvements, all of them with the aim of having an updated text of the Shareholders' General Meeting Regulations and completely adapted to the reality of the Company and according to the best practices in corporate governance.

Likewise, other lesser amendments were proposed consisting in grammatical amendments and changes in concordance of the articles, as well as its restructuring, that pretended to improve the text of the Regulations but without modifying its sense. And, finally, a couple of amendments were proposed with the aim of homogenizing the defined terms along the document, in concordance with the By-Laws and the rest of the internal regulation of Gamesa (i.e. Shareholders' General Meeting, Agenda, Website, etc.) and for substituting the reference to the prior legislation for the one currently in force.

Because of the deep amendment of the Shareholders' General Meeting Regulations, the amendment was shaped as an approval of a restated text of the Shareholders' General Meeting Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

The full text of the Shareholders' General 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:

Date of General Meeting	Attendance details				Total
	% attending in person	% by proxy	% remote voting		
			Electronic voting	Others	
05-25-2011	39.39%	10.71%	0.00%		50.10%

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.

Item One on the Agenda: Examination and approval, if applicable, of the individual Annual Accounts (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and annual report) of Gamesa Corporación Tecnológica, Sociedad Anónima, and of the consolidated Annual Accounts with its dependent companies (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and annual report), for the fiscal year ended on December 31, 2010.

Votes in favour	Votes against	Abstentions
99.90 %	0.01 %	0.09 %

Item Two on the Agenda: Examination and approval, if applicable, of the individual management report of Gamesa Corporación Tecnológica, Sociedad Anónima, and of the consolidated management report with its dependent companies for the fiscal year ended on December 31, 2010.

Votes in favour	Votes against	Abstentions
99.90 %	0.01 %	0.09 %

Item Three on the Agenda: Examination and approval, if applicable, of the management and actions of the Board of Directors during the fiscal year ended on December 31, 2010.

Votes in favour	Votes against	Abstentions
99.77 %	0.21 %	0.02 %

Item Four on the Agenda: Appointment of the auditor of the Company and its consolidated Group for the fiscal years 2011, 2012 and 2013.

Votes in favour	Votes against	Abstentions
99.73 %	0.17 %	0.10 %

Item Five on the Agenda: Examination and approval, if applicable, of the proposal for the allocation of profit/losses and the distribution of dividends of Gamesa Corporación Tecnológica, Sociedad Anónima for the fiscal year ended on December 31, 2010.

Votes in favour	Votes against	Abstentions
99.96 %	0.03 %	0.01 %

Item Six on the Agenda: Approval, for the free-of-charge allocation of the ordinary shares issued to the shareholders of the Company, of an increase in share capital by means of a scrip issue at a maximum reference market value of eleven (11) million euros. The shareholders will be offered the acquisition of their free-of-charge allocation rights at a guaranteed price. Express provision for the possibility of an incomplete allocation. Application for admission of the resulting shares to listing on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, including the power to amend Article 4 of the By-Laws.

Votes in favour	Votes against	Abstentions
99.80 %	0.19 %	0.01 %

Item Seven on the Agenda: Ratification of the appointment as Director of Mr. José María Aracama Yoldi made by cooption after the holding of the last Shareholders' General Meeting, as an External Independent Director.

Votes in favour	Votes against	Abstentions
99.57 %	0.33 %	0.10 %

Item Eight on the Agenda: Examination and approval, if applicable, of a Long Term Incentive Program through the delivery of shares of the company bound to the achievement of the key targets of the Business Plan 2011-2013 aimed to the Chairman of the Company, Senior Management, Managers and employees of Gamesa Corporación Tecnológica, Sociedad Anónima, and if applicable, of its dependent companies, and the delegation to the Board of Directors, with the express faculty of substitution, to implement, develop, formalize and execute the aforementioned remuneration system.

Votes in favour	Votes against	Abstentions
95.77 %	4.20 %	0.03 %

Item Nine on the Agenda: Amendment of the By-Laws and approval, if applicable, of a new restated text of the By-Laws.

9.1. Amendment of article 2 of the By-Laws to specify that the activities that constitute the corporate purpose are developed in the sector of renewable energies.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.2. Amendment of articles 5, 6 and 7 of the By-Laws about the shareholder status and presentation and transfer of shares, with the aim to improve its order and systematics and complete its content.

Votes in favour	Votes against	Abstentions
99.76 %	0.22 %	0.02 %

9.3. New articles 8, 9, 10 and 11 of the By-Laws that provide the set of rules of the By-Laws for share capital increase or decrease.

Votes in favour	Votes against	Abstentions
99.74 %	0.24 %	0.02 %

9.4. New articles 12, 13 and 14 of the By-Laws that provide the set of rules of the By-Laws for the issue of debentures.

Votes in favour	Votes against	Abstentions
99.67 %	0.25 %	0.08 %

9.5. Amendment of articles 8, 9 and 10 (new articles 15, 16 and 17) of the By-Laws to improve the regulation of the general aspects of the Shareholders' General Meeting, as well as to enumerate its faculties.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.6. Amendment of articles 11 and 12 (new articles 18, 19, 20, 21, 23, 24 and 25) of the By-Laws to improve the systematics and complete the content of the regulation of the call and constitution of the Shareholders' General Meeting and about the appointment of the General Meeting Bureau and to adapt it to the amendments of the Capital Companies Law.

Votes in favour	Votes against	Abstentions
99.83 %	0.09 %	0.08 %

9.7. Amendment of articles 13, 14, 15 and 16 (new articles 22, 26, 27, 28, 29 and 30) of the By-Laws to improve the writing and systematics of the set of rules of representation, voting and agreements adoption by the Shareholders' General Meeting.

Votes in favour	Votes against	Abstentions
99.83 %	0.09 %	0.08 %

9.8. Amendment of the articles 17, 18 and 19 (new articles 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40) of the By-Laws with the aim to achieve a better fulfilment of the recommendations of the Corporate Governance Unified Code regarding the Board of Directors, adapt the set of rules of the By-Laws to the changes introduced in the Board of Directors Regulations and include some novelties in its content.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.9. Amendment of article 22 (new article 43) of the By-Laws to adapt the set of rules of the By-Laws regarding the Audit and Compliance Committee to the amendments introduced by the Audit Law.

Votes in favour	Votes against	Abstentions
99.86 %	0.09 %	0.05 %

9.10. Amendment of article 23 (new article 44) of the By-Laws with the aim to complete the regulation of the Appointments and Remuneration Committee and provide an enumeration of faculties.

Votes in favour	Votes against	Abstentions
99.86 %	0.09 %	0.05 %

9.11. New article 45 of the By-Laws that expressly provides the duties of the Directors.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.12. Amendment of article 25 (new article 46) with the aim to improve the order and systematics of the article and qualify that the limit of 3% in the remuneration of the Board of Directors is to be applied about the benefit of the fiscal year of the consolidated group.

Votes in favour	Votes against	Abstentions
99.77 %	0.21 %	0.02 %

9.13. Amendment of article 29 (new article 47) and new article 48 of the By-Laws to introduce the novelties of the Capital Companies Law and of the Audit Law regarding the Annual Corporate Governance Report, website of the Company and the Electronic Shareholders' Forum.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.14. Amendment of articles 26, 27 and 28 (new articles 49, 50, 51 and 52) of the By-Laws with the aim to complete and improve the regulation about Annual Accounts and allocation of the result.

Votes in favour	Votes against	Abstentions
99.89 %	0.09 %	0.02 %

9.15. New article 54 of the By-Laws that establish that the conflicts between the shareholders and the company about the corporate affairs are submitted to the jurisdiction of the registered office of the Company.

Votes in favour	Votes against	Abstentions
99.74 %	0.09 %	0.17 %

9.16. Approval of a restated text of the By-Laws that includes the approved amendments and correlatively renumbers the titles, chapters and articles in which it is divided.

Votes in favour	Votes against	Abstentions
99.83 %	0.09 %	0.08 %

Item Ten on the Agenda: Amendment of the Shareholders' General Meeting Regulations and approval, if applicable, of a new restated text of the Shareholders' General Meeting Regulations.

Votes in favour	Votes against	Abstentions
99.98 %	0.01 %	0.01 %

Item Eleven on the Agenda: Delegation of powers to formalize and execute all resolutions adopted by the Shareholders' General Meeting, for conversion thereof into a public instrument, and for the interpretation, correction and supplementation thereof or further elaboration thereon until the required registrations are made.

Votes in favour	Votes against	Abstentions
98.89 %	0.09 %	0.02 %

Item Twelve on the Agenda: Approval, with a consultative character, of the annual report regarding the remuneration policy of the members of the Board of Directors of Gamesa Corporación Tecnológica, Sociedad Anónima of the current fiscal year (2011) and the application of the remuneration policy in force in the previous fiscal year (2010).

Votes in favour	Votes against	Abstentions
94.09 %	5.85 %	0.06 %

E.9 State whether there are any bylaw constraints setting a minimum number of shares to attend the General Meeting:

Yes

No

Number of shares needed to attend the General Meeting	1
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E.10 State and justify the policies followed by the company concerning proxy voting at the General Meeting.

According to Article 22 of the By-Laws and 15 of the General Shareholders' Meeting Regulations, shareholders with the right to attend may give a proxy to another shareholder or not shareholder, in accordance with the Law, the By-Laws and the present Regulations.

Powers of representation can always be revoked. Should the represented shareholder attend the Annual General Meeting physically or by issuing a distance vote in accordance with these Regulations, any granted powers of representation will be revoked.

Such power of representation must be conferred in writing by post or email and must be conferred specifically for each Annual General Meeting. When the representative is the shareholder's spouse or first degree relative or has a general power of attorney conferred via a public document with powers to administer all of the shareholder's assets within national territory, the limits established in point 2 regarding the right of representation shall not apply. The Company can require documentary proof of the relationship or existence of the power of attorney.

In the case of legal representation, the Company can also require documentary proof of its existence.

The Board Chairman and the Annual General Meeting Chairman, once the meeting has been convened, shall have the broadest powers to check the validity of the document proving the powers of representation.

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 Shareholders' Guide which includes 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 25, 2011.

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 No

Describe the policy
<p>The company has knowledge about the participation policy in Shareholders' General Meeting of those relevant institutional investors (of a significant size for the company) and those with whom the company has an established relationship.</p> <p>Likewise, the company has a permanent contact with Proxy Advisors which channel the policy of the institutional investors in Corporate Governance issues and in particular regarding their participation in the Shareholders' General Meeting.</p>

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-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.

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.

During the year 2011, like it was done in the years 2008, 2009 and 2010, the company has prepared (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 8, 2011 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: "Investors and shareholders". After this title it is contained an index of sections that corresponds 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.10, E.1 and E.2.

Complies 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

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 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 and B.1.3.

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 Explain

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 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 Partially complies Explain

29. Independent directors should not remain as such for a continuous period exceeding 12 years.

See section: B.1.2

Complies X Explain

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, B.1.20 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 and 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 Explain

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 Explain

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

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

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 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 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 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:

1.- 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.**

2.- 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.1.32 and 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 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 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 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)

In order to complement the information supplied in Section A.2, it should be pointed out that the company IBERDROLA, S.A. communicated the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on July 21, 2011 the acquisition of 404,255 shares of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and reached 19.617% of the capital of the company.

In order to complement the information supplied in the Section A.2. it should be pointed out that the company DIMENSIONAL FUND ADVISORS LP communicated the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on January 24, 2012 the acquisition of 163,226 shares of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. and reached 3.022% of the capital of the company.

(A.3)

In order to complement the information supplied in Section A.3, it should be pointed out that:

- a) Mr. Agustín Delgado Martín, representative person of IBERDROLA, S.A. in the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., is the holder of thousand (1,000) shares of the company.
- b) Mr. Santiago Bergareche Busquet, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until February 11, 2011 is the holder of four thousand eight hundred fifty six (4,856) shares of the company. From that total amount he owns directly hundred one (101) shares and indirectly four thousand seven hundred fifty five (4,755) shares.
- c) Mr. Pedro Velasco Gómez, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until December 14, 2011 is the holder of one thousand five hundred nineteen (1,519) shares of the company.

- d) Mr. José Miguel Alcolea Cantos, representative person of IBERDROLA, S.A. in the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until December 14, 2011, is not the holder of any share of the company.

(B.1.2)

In order to complement the information supplied in Section B.1.2, it should be pointed out that according to the Significant Event 154731 sent to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on December 14, 2011, the external proprietary Director Iberdrola, S.A. communicated the appointment of Mr. Agustín Delgado Martín as its representative person in the Board, substituting Mr. José Miguel Alcolea Cantos, who was the representative person until that moment.

(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 External Directors, appear below:

EXECUTIVE DIRECTORS

Jorge Calvet Spinatsch

Degree in Law and in Business Administration (ICADE) and MBA specializing in Finance at the NYU Stern School of Management. He joined Gamesa's Board of Directors in October 2005 and he was appointed Vice Chairman in 2007. He has been Chairman and Chief Executive Officer of the company since October 2009. His professional background is primarily in investment banking in New York, London and Madrid, where he held positions in the upper management of firms such as Morgan Stanley and UBS. Currently he is independent Director in the Board of Directors of Quabit Inmobiliaria, S.A. and France Telecom España, S.A.

Carlos Rodríguez-Quiroga Menéndez

Born in Madrid. He currently holds the position of Member of and Secretary to the Board of Directors and Secretary (non Member) of the Audit and Compliance Committee and Secretary (non Member) of the Appointment and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Law Degree from the Complutense University of Madrid.

Diploma-holder of Employment Law from the Legal Practice School of Madrid.

Diploma-holder in Comparative Industrial Relations and in European Community Relations from the Secretariat of State for Relations with the European Community.

Practicing lawyer.

Over the last few years, he has performed the tasks of Director of or Secretary to the Board of Directors, among other positions, in the following companies: Audiovisual Española 2000, S.A., Diver Karting, S.L. and Rodríguez-Quiroga Abogados, S.L. He is also Member of the Fundación España-Guinea Ecuatorial.

EXTERNAL PROPRIETARY DIRECTORS:

Sonsoles Rubio Reinoso

Born in Segovia, she holds the position of Member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

She holds a degree in Economics and Business from the Universidad Autónoma of Madrid.

She completed her training as post graduated at ICEA, IESE and *Centro de Estudios Financieros*. She is also *Técnico en Aseguramiento de la Calidad*, Certified Internal Audit and Certified Fraud Examiner.

Her professional career has been performed in the internal audit department of enterprises like Repsol YPF, S.A. (1995-1999), Holcim (Spain), S.A. (1999-2008) and Iberdrola (2008-2011). She holds the position of Internal Audit Manager of Renewable Business at Iberdrola.

She is Member of the Steering Committee of the *Instituto de Auditores Internos* since May 2007, General Secretary of its Steering Committee since May 2009 and Secretary and Member of its Audit Committee since November 2011.

Throughout her career she has published articles and given many talks. She also teaches at the Seminar "*Creación y gestión de un Departamento de Auditoría Interna*" since 2009.

Agustín Delgado Martin

Born in Caceres. He is currently representing Iberdrola, S.A., Member of the Board of Directors and Member of the Executive Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds an Industrial Engineering Degree from the "*Escuela Técnica Superior de Ingeniería Industrial (ETSII)*" of the Universidad of Comillas (ICAI). He holds a Doctorate in Industrial Engineering from ETSII and UNED.

His professional career has been performed in the innovation sector at enterprises like Dimetronic (1997-2001), BESEL (2001-2006) and Iberdrola (since 2006). Nowadays he holds the position of Director of Innovation, Environment and Quality at Iberdrola, S.A. and administrator of the SPE (*Sociedad de Promoción de Empresas*) Perseo.

He is a member of the Board of Directors of Algaenergy, S.A. and of IHOBE, S.A. (*Sociedad Pública de Gestión Ambiental*). He is a member of the Think Tank on energetic innovation at "*Club Español de la Energía*" and also of the Executive Committee of "*Alianza por la Innovación Energética Española*". He is also representative of Iberdrola in the company NEOTEC Capital Riesgo.

Throughout his career he has published several books. He also teaches at "*Curso Superior de Negocio Energético del Club Español de la Energía*".

OTHER EXTERNAL DIRECTORS

Juan Luis Arregui Ciarsolo

Born in Mallavia (Vizcaya). He is currently Deputy Chairman of the Board of Directors and member of the Appointments and Remuneration Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

He holds a Technical Engineering Degree from the Bilbao School of Engineering, holds a degree in Numerical Control from Wandsdorf, Germany and has a Master in Micromechanics from Besançon, France.

He is the Chairman of Viña Izadi, S.A. since 1987 and of Foresta Capital, S.A., since 2002, having taken part in founding both companies. He is also the President of Grupo Empresarial Ence, S.A. since 2006, Director of GRL Aceite since 2000, and First Deputy Chairman of Cartera Industrial Rea, S.A. since 2008. He held the position of Director of Iberdrola, S.A. (1993-2010), holding the posts of member of the Audit Committee (1999-2001), member of the Executive Committee (2002-2010), member of its Appointment and Remuneration Committee (2004-2010) and Deputy Chairman of the Board of Directors (2006-2010).

He also held the positions of Chairman of Gamesa, Chairman of Corporation Eólica Cesa, S.L., Co-Chairman of Grupo Guascor and member of Gestora de Proyectos y Contratos, S.A., of which he was co-founder.

Benita Ferrero-Waldner

Born in Salzburg (Austria), she holds the position of Member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

Doctorate in Law from the Paris-Lodron-University of Salzburg, Austria, diplomat and Honorary Doctorate from the Lebanese American University in Beirut, is a former European Union Commissioner for Trade (Dec. 2009–Feb. 2010), for External Relations (Nov. 2004–Nov. 2009) and European Neighbourhood Policy (Nov. 2004–Feb. 2010) and for External Relations in the European Union (Nov. 2004 - Nov. 2009), and has developed her wide-ranging professional career in both the political and diplomatic spheres, as well as in the private sector.

Between 2000 and 2004, she held the Foreign Affairs Federal Minister of the Republic of Austria and was a candidate to run for Federal President of her country in 2004. She was also the Vice-President of the Organization for Security and Cooperation in Europe (OSCE) in 2000, as well as the Republic of Austria's Secretary of State for Foreign Affairs and Development Cooperation (Minister of the Cabinet between 1995 and 2000).

In the private sector, she has held positions of responsibility in the German company Gerns and Gahler and in P. Kaufmann Inc. New York, as Sales Director for Europe.

She is also member of the Board of Directors of the German reinsurance company Munich Re and was recently appointed member of the Supervisory Board of Alpine, Salzburg, Austria.

She is member of the "International Advisory Board" of Norman Foster (London), Patronate of the Foundation for International Relations and Dialogue (FRIDE), Spain, and of the Foundation Príncipe de Asturias y Girona.

In addition in 2011 she was appointed Chairman (pro bono) of the "EULAC" Unión Europea con América Latina y Caribe Foundation and also Chairman (pro bono) of the "Euroamérica" Foundation.

Throughout her career she has published numerous articles, essays and books throughout her career, the most outstanding of which is "Charting course in a changing world".

Furthermore, she has received several awards from different countries including, the "European Diplomat of the Year Award" from European Voice Magazine (2007) and the XVI "Blanquerna Award" granted by Generalitat of Catalonia (Regional Government of Catalonia) in 2009.

(B.1.3)

In order to complement the information supplied in the Section B.1.3 it should be pointed out that on March 26, 2010, Juan Luis Arregui Ciarsolo resigned as Director of Iberdrola, S.A. and this fact motivated then the loss of his condition as External Proprietary Director of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. as it was justified in the Annual Corporate Governance Report of the fiscal year ending on December 31, 2010. As the period of time established in the article 8.2 of the Board of Directors Regulations and in the Unified Good Governance Code has passed, the Board of Directors of date February 22, 2012, with the prior qualification by the Appointments and Remuneration Committee, approved the change of qualification of Juan Luis Arregui Ciarsolo to be External Independent applying the annual review of the typology of the members of the Board of Directors provision that annually, on the occasion of the Annual Corporate Governance report, establishes the art. 8.7 of the Board of Directors Regulations.

(B.1.8)

In order to complement the information supplied in the Section B.1.8 it should be pointed out that IBERDROLA, S.A. was Director of IBERDROLA RENOVABLES, S.A. until the merger of both companies that occurred when the merger public deed was registered in the Companies Registry of Vizcaya on July 8, 2011.

In order to complement the information supplied in the Section B.1.8 it should be pointed out that Mr. Santiago Bergareche Busquet is Deputy Chairman and member of the Executive Committee and of the Appointments and Remuneration Committee of Grupo Ferrovial, S.A.; Chairman of Dinamia Capital Privado, SCR, S.A; Co-Chairman and member of the Executive Committee and Chairman of the Appointments and Remuneration Committee of Compañía Española de Petróleos, S.A.; and 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 the Section B.1.10 it should be pointed out that Article 40 of the By-Laws and Article 5 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. include the functions of the Board of Directors. Both complete texts can be found on www.gamesacorp.com

(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 19 of the Individual Report and Note 29 of the Consolidated Report, which forms part of the 2011 Annual Report.

(b) the percentage of "Total directors' remuneration/Profits attributed to parent company" included in section B.11. is compatible with the article 46 of the By-Laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. that establishes that "*the Company will allocate an amount equivalent to a maximum of 3% of the consolidated group's earnings for the year to Board of Directors remuneration, as expenses*", because if for the calculation we do exclude the remunerations of the Executive Directors the percentage is 2.56%.

(c) the Board of Directors agreed the freeze of all its remunerations for the fiscal year 2011.

(d) the fixed Remuneration for the fiscal year 2011 is freezed in relation with fiscal year 2010 and the increase of the total amount is caused by the appointment, occurred during the fiscal year 2010, of new posts in the Board of Directors that were active during the whole fiscal year 2011. Likewise, within the 848 thousand euro of the variable Remuneration of the executive Director is also included the annual variable remuneration delivered as well as the remuneration of the Shares Plan approved by the Shareholders' General Meeting linked to the achievement of the objectives of the period 2009-2011 (liquidates in advance on May 30, 2011) and the Log Term Incentive Plan in shares 2011-2013 that will be liquidated in the fiscal year 2014 regarding the level of effective fulfilment of the objectives that link it.

(e) in its meeting of January 25, 2012 the Board of Directors has decided the freeze of the fixed remuneration and allowances of the Board of Directors until new agreement.

At last it should be pointed out that *"the Board of Directors shall draw up an annual report on the remuneration policy for the current year and on the valid remuneration policy of the prior year, which will be made available to the shareholders in the form that the Board of Directors may deem appropriate, along with and occasion for the summons of the General Shareholders' Meeting in accordance with effective legislation."* (Article 31.4 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 the Board of Directors of the Company, in its meeting of December 14, 2011, on proposal of the Appointments and Remuneration Committee. Established a new configuration of the Senior Management, so that its members are the members of the Executive Commission, as well as the Internal Auditor and the General Secretary.

(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 2011, 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, 2010, as per article 116 bis of the Spanish Stock Market Law.

(B.1.14)

In order to complement the information supplied in Section B.1.14 it should be pointed out that the Article 5.4 (iii).c) of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. includes the functions of the Board of Directors regarding the Senior Management. The full text can be found on www.gamesacorp.com

In order to complement the information supplied in Section B.1.14 it should be pointed out that Article 31 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. rules the remuneration of the Directors. The full text can be found on www.gamesacorp.com

(B.1.16)

In order to complement the information supplied in Section B.1.16, it should be pointed out that according to the Significant Event number 144727 communicates to the National Securities Market Commission on May 31, 2011, the Appointments and Remuneration Committee of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. agreed, in its meeting of May 30, 2011, on behalf of it, the advance liquidation of the Long Term Incentive Program 2009-2011 authorized by the Shareholders' General Meeting on May 29, 2009 (Significant Event 109164).

In order to complement the information supplied in Section B.1.16, it should be pointed out that according to Article 19.5.f) 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: "Propose to the Board of Directors the system and amount of the annual remuneration of the Directors, as well as the individual remuneration for the Executive Directors, along with the rest of their contractual conditions, all this in accordance with the provisions set forth in the Corporate Bylaws and in these Regulations".

(B.1.17)

In order to complement the information supplied in Section B.1.17, it should be pointed out that Mr. Agustín Delgado Martín, individual representing IBERDROLA, S.A., member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., holds the post of Innovation, Environment and Quality of IBERDROLA, S.A., significant shareholder of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

In order to complement the information supplied in Section B.1.17, it should be pointed out that Mr. Pedro Velasco Gómez, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until December 14, 2011, held the post of Director of Non Energy Business and Assets of IBERDROLA, S.A., significant shareholder of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

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. until December 14, 2011, member of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., holds the post of Director of Legal Services of Business of IBERDROLA, S.A., significant shareholder of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

(B.1.26)

In order to complement the information supplied in Section B.1.26, it should be pointed out that, as included in the section B.1.2., none of the current members of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. that are External Independents have held the post for a continuous period of over 12 years (taking as reference date the date on which GAMESA CORPORACIÓN TECNOLÓGICA, S.A. started to issue in the Madrid, Barcelona, Valencia and Bilbao Stock Exchange, as well as in the Stock Exchange Interconnection System (Continuous Market)), and all of it as established in the recommendation 29 of the Unified Code of Corporate Governance.

(B.1.29)

In order to complement the information disclosed in Section B.1.29, it should be pointed out that within the twelve (12) meetings of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. held during the fiscal year 2011, one (1) of them was held without a meeting, possibility that is expressly included in article 20.5 of the Board of Directors Regulations.

(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. The Article 13.3 of the Board of Directors Regulations states that the Secretary shall at all times ensure the substantive and material formality of the Board's actions and establishes how he/she must perform his/her actions.

The Secretary Director of the Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., Mr. Carlos Rodríguez-Quiroga Menéndez, that has the category of Executive Director, was re-elected in his post on May 25, 2007.

(B.1.35)

In order to complement the information disclosed in Section B.1.35 it should be pointed out that the Article 29 of the Audit and Compliance Committee Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. rules the relations of the aforementioned Committee with the External Auditor. The full text is available on www.gamesacorp.com

(B.1.40)

In order to complement the information disclosed in Section B.1.40 it should be pointed out that Mr. Carlos Fernández-Lerga Garralda owns 123 shares of IBERDROLA, S.A. that is a 0.000% of share capital participation. And likewise he is non direct owner of 437 shares of IBERDROLA, S.A. through the company EUR-CONSULTORES, S.L. that is a 0.000% of share capital participation.

In order to complement the information disclosed in Section B.1.40 it should be pointed out that Mr. Pedro Velasco Gómez, member of the Board of Directors until December 14, 2011, owns 56,295 shares of IBERDROLA, S.A. where he held the post of Director of Non Energy Business and Assets. His share capital participation is 0.000%.

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. until December 14, 2011, 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 CONSTRUCCIÓN, S.A.U.	0.000%	Member of the Board of Directors (until October 10, 2011)
	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., 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

According to the Significant Event number 154731 sent to the CNMV on December 14, 2011, the Board of Directors held on December 14, 2011, after accepting the resignation presented by Mr. Pedro Velasco Gómez as member of the Board of Directors and of the Audit and Compliance Committee, agreed, prior report of Appointment and Remuneration Committee, the appointment by cooption, as member of the Board of Directors and of the Audit and Compliance Committee, of Ms. Sonsoles Rubio Reinoso, in the category of External Independent Directors and for the time resting of the mandate of the substituted Director

Appointment and Remuneration Committee

According to the Significant Event number 139850 sent to the CNMV on March 8, 2011, the Board of Directors, as a consequence of the existing vacancy in the Board of Directors and the Appointment and Remuneration Committee after the resignation of Mr. Santiago Bergareche Busquet communicated to the CNMV on February 14, 2011 (Significant Event number 138165), in its meeting of February 23, 2011 and on proposal of Appointment and Remuneration Committee agreed of appointment by cooption of Mr. José María Aracama Yoldi as member of the Board of Directors and of the Appointment and remuneration Committee of the Company, within the category of External Independent Directors and for the resting time of the mandate of the substituted Director. This agreement was subject to the acceptance of the appointment by Mr. Aracama, that occurred through letter on March 8, 2011.

(B.2.1)

In order to complement the information supplied in Section B.2.1, it should be pointed out that according to the Significant Event number 156272 sent to the CNMV on January 10, 2012, the Board of Directors in its meeting held on January 10, 2012, agreed, with the previous report of the Appointments and Remuneration Committee, the creation of an Executive Committee of 5 members, to which all the faculties of the Board of Directors are delegated, except the faculties that can not be delegated according to the law and the By-Laws. The initial composition of the executive committee is the following:

Mr. Jorge Calvet Spinatsch
Mr. Juan Luis Arregui Ciarsolo
Ms. Sonsoles Rubio
Iberdrola, S.A. (represented by Mr. Agustin Delgado)
Mr. Luis Lada Díaz

Likewise, the created committee appointed as its Chairman and Secretary non member those who exercise these posts in the Board of Directors, Mr. Jorge Calvet Spinatsch and Mr. Carlos Rodríguez-Quiroga Menéndez.

(B.2.3)

In order to complement the information supplied in Section B.2.3, it should be pointed out that the basic responsibilities of the Audit and Compliance Committee included in the article 18.4 of the Board of Directors Regulations and transcribed in the section 2.3. have to be put into relation with the ones included in the Article 5 of the Audit and Compliance Committee Regulations.

(B.2.5)

In order to complement the information supplied in Section B.2.5, it should be pointed out that the Board of Directors approved on January 20, 2012, the amendment of the Audit and Compliance Regulations, in virtue of which one of the motivation of dismissal of the members of the Audit and Compliance Committee included in the paragraph c) of article 17 was suppressed, with the aim of giving more flexibility to the composition of the Audit and Compliance Committee.

(C.5)

In order to complement the information disclosed in Section C.5, it should be pointed out that Mr. Agustín Delgado Martín, individual representing IBERDROLA, S.A. has declared that according to the process established in Article 35 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in the meetings of the Board of Directors in which it has been deliberated and, if necessary, approved agreements in relation to operations with IBERDROLA, S.A. (company of which he is the individual representative in the Board of Directors) and/or its group, he did not participate in the deliberation, voting, decision making and execution of the agreement.

As happened in the meeting of the Board of Directors of December 14, 2011.

In order to complement the information disclosed in Section C.5, it should be pointed out that Mr. Pedro Velasco Gómez, member of the Board of Directors and of the Audit and Compliance Committee of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. until his resignation of December 14, 2011, has declared that according to the process established in Article 35 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in the meetings of the Board of Directors and of the Audit and Compliance Committee in which it has been deliberated and, if necessary, approved agreements in relation to operations with IBERDROLA, S.A. and/or its group, he did not participate in the deliberation, voting, decision making and execution of the agreement.

As happened in the meetings of the Audit and Compliance Committee of July 21, 2011 and December 13, 2011, and in the meeting of the Board of Directors of July 19, 2011.

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. until his resignation of December 14, 2011, has declared that according to the process established in Article 35 of the Board of Directors Regulations of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. in the meetings of the Board of Directors in which it has been deliberated and, if necessary, approved agreements in relation to operations with IBERDROLA, S.A. (company of which he was the individual representative in the Board of Directors until his substitution of December 14, 2011) and/or its group, he did not participate in the deliberation, voting, decision making and execution of the agreement.

As happened in the meeting of the Board of Directors of July 19, 2011.

(D.1)

In order to complement the information disclosed in Section D.1, it should be pointed out that according to the Significant Event number 156272 sent to the CNMV on January 10, 2012, the Board of Directors in its meeting of January 10, 2012 agreed, with the prior report of the Appointments and Remuneration Committee, the creation of an Executive Committee of 5 members, in which all the faculties of the Board of Directors have been delegated except those that can not be delegated according to the law and the By-Laws. The executive Committee is part of the structured and geared structure of the Company to provide value working in the management and risk control, and the object of this delegated body is to give support in the labours and decision marking of the Board of Directors in a context of increasing international business of the company.

(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 Shareholders' General Meeting of the financial year 2011 by nine shareholders that were holders of a total of sixty one thousand nine hundred twenty seven (61,927) 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 No

Name of director	Type of relationship	Explanation

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on February 22, 2012.

State whether any Directors either voted against or abstained from voting to approve of this Report.

Yes No

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

**Additional Information to the Annual Corporate Governance Report 2011
of GAMESA CORPORACIÓN TECNOLÓGICA, S.A.,
according to article 61 bis of the Law 24/1988, of July 28,
of the Securities Markets**



A) Information about the securities that are not negotiated in a regulated European market, indicating, if applicable, the different share types and indicating, for each type of share, its rights and duties (art. 61 bis 4. a) 3º of the Securities Market Law).

GAMESA CORPORACIÓN TECNOLÓGICA, S.A. does not issue securities that are not negotiated in a regulated European market.

B) Information about the applicable rules to the amendment of the By-Laws of the company (art. 61 bis 4. a) 4º of the Securities Market Law).

The amendment of the By-Laws of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. is governed by the provisions of articles 285 to 290 of the Legislative Royal Decree 1/2010, of July 2, that approves the restated text of the Spanish Capital Companies Act, without any requirements for reinforced majorities beyond those provided for at article 201 of the said legal text.

Article 7 of the Shareholders General Meeting Regulations expressly includes the amendment of the By-Laws as being within the powers of this body.

C) Any restriction to the transferability of shares and any restriction to the voting right (art. 61 bis 4. b) of the Securities Market Law).

There are no restrictions on the transferability of shares of GAMESA CORPORACIÓN TECNOLÓGICA, S.A

Likewise, there are no restrictions on the exercise of voting rights.

D) Information about the powers of the members of the Board of Directors and, in particular, those relating to the possibility of issue or re-buy shares (art. 61 bis 4. c) 3º of the Securities Market Law).

Powers of the members of the Board of Directors

The Board of Directors of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., at the session held on 8 October 2009, unanimously agreed, following a favourable report by the Appointments and Remuneration Committee, to appoint Mr. Jorge Calvet Spinatsch as Chairman of the Board of Directors and Managing Director, delegating all powers corresponding to the Board of Directors pursuant to law and to the Corporate By-laws to him, with the exception of those that may not be delegated pursuant to law or to the Corporate By-laws. Mr. Calvet Spinatsch accepted his appointment at the same act.

Powers relating to the possibility of issuing or repurchasing new shares

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

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



- a. Acquisitions may be made directly by Gamesa Corporación Tecnológica, Sociedad Anónima, or indirectly through its controlled companies.
- b. Acquisitions of shares, which must be fully paid up and free from all charges and/or encumbrances, shall be made through sale and purchase transactions, exchanges, or any other method allowed by law.
- c. Acquisitions may be made, at any time, up to the maximum figure allowed by law.
- d. The minimum price of the shares shall be their par value, and the maximum price may not exceed 10% of their quoted value on the date of acquisition.
- e. A restricted reserve may be set up in the Company's equity equivalent to the calculated value of the own shares in the assets. This reserve must be maintained for as long as the shares are not disposed of or amortized.
- f. The shares acquired may be subsequently disposed of under such conditions as may be freely agreed.
- g. This authorization is granted for a maximum term of 5 years, and expressly renders of no effect the authorization granted by the Company's Annual General Meeting on 29 May 2009, in that part left to run.

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

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

E) Information about the significant agreements that the company may have signed and that enter into force, may be amended or end in case of a change of control of the company as a consequence of a public purchase offer, and its effects, except when its disclosure may be seriously harmful for the company. This exception will not be applied when the company may be legally obliged to disclose this information. (art. 61 bis 4. c) 4º of the Securities Markets Law).

Pursuant to the framework agreement signed on December 21, 2011 (Significant Event number 155308) between Iberdrola, S.A. and the subsidiary of Gamesa Corporación Tecnológica, S.A., Gamesa Eólica, S.L. Unipersonal in the event of a change of control in Gamesa Corporación Tecnológica, S.A., this shall entitle Iberdrola, S.A. to treat this framework agreement as being discharged, with no liability of any kind arising between the parties as a result of this termination.



F) Information about the agreements between the company and its Administration and Management posts or employees that include compensations when these may resign or may be unfairly dismissed or if the labour relation comes to its end because of a public purchase offer (art. 61 bis 4. c) 5º of the Securities Market Law).

The Chairman and the CEO and some of the members of the Company's management team are contractually entitled to receive economic compensation in the event of the termination of their employment relationship for reasons attributable to the Company, and in some cases also in the event objective circumstances should arise, such as a change of control. The agreed economic compensation for said termination consists, in general terms, in the payment of the remuneration corresponding to a variety of periods, up to a maximum of three years, depending on their personal and professional circumstances and the time at which the agreement was executed.

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

G) Description of the main characteristics of the internal risk control and management systems as regards the financial reporting process (art. 61b 4.h) of the Securities Market Law).

1. Entity control setting.

1.1. Bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective FIICS; (ii) its implementation; and (iii) its supervision.

The Financial Information Internal Control System (hereinafter the FIICS) is an integral part of the Group's Risks/Opportunities Management and Control System, a regulated process referred to under heading "D) Risk Control Systems" of the Company's 2011 Annual Corporate Governance Report. The corresponding internal control process is, in turn, an integral part of the same, through which the Organization's Board of Directors, Management and Personnel intervene.

Within this context, the purpose of the FIICS, as an integral part of Internal Control, is to provide reasonable assurance as to the reliability of financial information concerning Gamesa Corporación Tecnológica, S.A. (hereinafter Gamesa, the Group, or the Company), as an entity listed on the Stock Exchange. The FIICS implemented at Gamesa formalizes the Organization's internal control, extending it outside departments responsible for finance and control.

The Board of Directors of Gamesa is ultimately responsible for guaranteeing the existence and maintenance of an adequate FIICS, the supervision of which has been delegated to its Audit and Compliance Committee and the design, implementation and operation of which, as a responsibility of the Group's Management, is, in turn, the responsibility of its Management Control Department.

At the same time, the function of Internal Audit and Business Risk Control, in support of the Audit and Compliance Committee, is to promote the control of reliability of financial information through its direct access to said Committee as well as the fulfillment of its annual work plans.



Article 5 of the Regulations of the Audit and Compliance Committee sets forth the supervision of the internal control system and the risk management systems as a competence within its scope, as well as the analysis in collaboration with external auditors of significant weaknesses detected in internal control, if any, during the execution of the audit and the supervision of the procedure for preparing and submitting regulated financial information. Likewise, Articles 8 and 9 establish a detailed explanation of its main functions related to the aforementioned processes for drafting economic and financial information and to the risk control and management systems.

In this regard, the Audit and Compliance Committee has met on various occasions during 2011 with key persons involved in the preparation of financial information and with external and internal auditors to analyze the conclusions of reviews completed by experts related to internal control and the financial information preparation process. Details of the different meetings and contents of the same will be included in the 2011 Annual Report, soon to be published by the Audit and Compliance Committee upon its approval by the Board of Directors.

Furthermore, and in accordance with the Regulations of the Audit and Compliance Committee, efforts are made to provide its members with knowledge and experience on accounting, auditing or risk management. Likewise, through the "Monitoring and Regulatory Control" competence of the Regulatory Compliance Unit and of periodical presentations given by both external and internal auditors, members of the Audit Committee are kept informed of changes in regulations and the latest issues related to the aforementioned areas.

1.2. Departments and/or mechanisms responsible: (i) for the design and review of the organizational structure; (ii) for clearly defining the lines of responsibility and authority, adequately delegating tasks and functions; and (iii) for ensuring that sufficient procedures are in place for correct dissemination within the entity.

The Management Control Department designs its organizational structure according to operational and strategic development so that the control units into which it is subdivided cover each of the organization's relevant business areas and/or geographical segments. The main responsibility of each includes the various processes involved in the preparation of financial information in accordance with accounting standards adopted by the Group. The Human Capital Management Department supervises the organizational structure.

The corporate-level management control department holds monthly meetings to close accounts with each of the aforementioned management control units (Management Discussion Analysis) in order to guarantee free-flowing and effective communication throughout the Organization, to properly assign tasks and responsibilities and to extend management control throughout all levels and activities. A detailed description of departmental functions and responsibilities is documented by Human Capital Management in the so-called job profiles.

There is also an adequate segregation of functions for administration-accounting and financial processes as a result of the organizational structure, which considers different functions and controls both at the level of each activity area and at corporate and functional level.



In addition, the Organization Chart is supplemented by the so-called "process map" through which the different functions and responsibilities assigned to each of the Group's areas/units are detailed, in line with the Integrated Management System (SIG). All personnel have access to this process map, available through the corporate intranet.

An important project is currently underway to homogeneously document throughout the Organization the various, most significant existing procedures and to disseminate these in relation to economic-financial information. This project, which has been developed over recent months, is expected to be completed during the second 6-month period of 2012.

1.3. Code of conduct, approving body, level of dissemination and training, principles and values included, body responsible for analyzing non compliance and for proposing corrective actions and sanctions.

The purpose of the Code of Conduct of Gamesa, approved by its Board of Directors, is to consolidate a universally accepted form of business ethics and to formally and expressly set forth the values, principles, attitudes and rules governing the conduct of the Companies which make up the Group and the persons subject to the same during the fulfillment of their functions and in their labor, commercial and professional relationships.

GAMESA communicates and disseminates the Code of Conduct, which is available in several languages, by the delivery and/or availability of a copy of the same for its employees through the "Shareholders and Investors" section of its external website, through the Company's internal website (Intranet), as well as when hiring personnel, and, furthermore, through any other means of communication as defined by the Board of Directors, when applicable.

The Code of Conduct is subject to periodical review for the purpose of achieving its full alignment with the Business Plan and with Best Practices. The current Code of Conduct, reviewed and approved by the Board of Directors during its meeting held on November 10, 2011, is in its third edition, valid as of January 1, 2012.

Mention is made, among the principles and values included in the Code and with regards to shareholders, that the information provided to the same will be truthful, complete and adequately reflect the situation of the Gamesa Group.

Also, specific mention is made of the FIICS, expressly indicating that the economic-financial information on Gamesa and the companies which make up the Gamesa Group -in particular, the Annual Accounts- is a faithful reflection of its economic, financial and equity-related reality, in accordance with generally accepted accounting principles and applicable international standards on financial reporting. For this purpose, none of the affected persons (members of Management bodies, executives and employees of each and every company making up the Gamesa Group) referred to in the aforementioned Code of Conduct will withhold or distort the information contained in accounting records and reports of Gamesa and the companies comprising the Group, which must be duly complete, accurate and truthful.



In addition, the Code of Conduct also expressly refers to the principles and values concerning risk management in connection with the general policy for risk management and control, and sets forth that all affected persons, within the scope of their functions, must act proactively in a culture of risk prevention, and specifies and details the corresponding principles for action.

The Regulatory Compliance Unit, a body led by the General Secretary and under the functional direction of the Audit and Compliance Committee, is responsible for developing functions related to the periodical evaluation process of compliance with the Code of Conduct, analysis of possible non compliance, proposals for corrective and disciplinary measures, training plan, existence of a disciplinary system, and periodical information/communication unto the aforementioned Committee, among others.

1.4. Complaints channel, which allows for notifying the Audit Committee of financial or accounting-related irregularities, in addition to possible noncompliance with the Code of Conduct and illegal activities in the organization, informing whether these are of a confidential nature, when applicable.

In accordance with the provisions of the aforementioned Code of Conduct and Article 10.d of the Audit and Compliance Committee's Regulations relating to the functions of this Committee with regards to Corporate Governance, Gamesa has created a mechanism, named the Complaints Channel, which allows its employees to inform, in a confidential manner, of potentially significant irregularities, and in particular, as expressly indicated thereby, of those related to finance and accounting, detected within the company.

The Audit and Compliance Committee is responsible for establishing and supervising the Complaints Channel through the Regulatory Compliance Unit which Gamesa manages according to the conditions and powers set forth in the written procedure regulating the "Complaints Channel Operating Rules" as part of the internal regulations and which set out its operation and conditions for use, access, scope and other aspects.

Per our internal rules, a function of the Regulatory Compliance Unit as regards the Code of Conduct/Complaints Channel is to complete an evaluation and annual report on the level of compliance with the Code of Conduct to be submitted to the Audit and Compliance Committee, and to inform as to suggestions, questions, proposals and non compliance.

Upon the receipt of a written complaint in compliance with a series of requirements and minimum content, the Regulatory Compliance Unit decides whether to process or file the complaint.

When signs of breach of the Code of Conduct are detected, confidential disciplinary proceedings will ensue, for which specific collaboration may be required from all the persons referred to in it, who are bound by the Code of Conduct and are therefore required to collaborate, in accordance with the terms of applicable legislation.

In relation to the opening of a disciplinary file, the Regulatory Compliance Unit will carry out all actions it deems pertinent, especially interviews with the persons involved, witnesses or third parties considered capable of providing useful information, and may ask for assistance from other functions within the Company, as appropriate.



Upon processing of the complaint, the Regulatory Compliance Unit will draft a report within the predefined time limits for completion, preparation of contents and method for communication.

If upon processing of the file and drafting of the report the Regulatory Compliance Unit concludes that signs of illegal conduct exist, the competent legal or administrative authorities will be notified of the same.

1.5. Periodical training programs and updates for personnel involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, which include, at least, accounting standards, auditing, internal control and risk management.

The design of the Annual Training Plan will be based on the "Detection of Training Needs" tool, which integrates individual needs considering the available budget and each area's strategic guidelines.

In the latest version published in 2012, over 380 courses are included, reviewed and proposed by Gamesa Experts in each area.

The creation of the 2012 Training Catalog has focused on technical content of the business, skills, values and attitudes, languages (essential for a global company) and cross-cutting subjects related to a variety of corporate functions. Furthermore, a level has been achieved in the availability of e-learning courses which affords the student greater learning flexibility.

Among the subjects taken into account and offered through different processes related to financial information, the following are worth highlighting: The New General Accounting Plan, Finances for Non-financial Executives, Cost Management, Management Control, Financial Risk Management, Investment Management, International Finance and Training on Insurance.

In addition, Gamesa is actively committed to facilitating the professional specialization of employees identified as key personnel or with potential, through various processes on proposals for learning and selection procedures.

2. Financial information risk assessment.

2.1. Main characteristics of the risk identification process, including error and fraud, as regards:

- Whether the process exists and is documented.
- Whether the process covers the whole of financial information-related objectives (existence and occurrence; integrity; assessment; presentation; itemization and comparability; and rights and obligations), whether it is updated and how frequently.
- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.
- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they have an impact on the financial statements.
- The governing body of the entity that supervises the process.



On April 22, 2009, the Board of Directors approved the Policy for Control and Management of Risks and Opportunities which, in line with the reality of the company, sets the bases and general context upon which all the components of risk management and control are based, providing discipline and structure as regards those components: management philosophy, model for the identification, evaluation, measurement and control of risks/opportunities, accepted risk level, communication, reporting and supervision by the Board of Directors, integrity, ethical values, competencies and assignment of responsibilities.

Currently, the FIICS is integrated within the aforementioned Model for Management and Control of Risks and Opportunities, based upon the classification of risks according to the universally accepted "Business Risk Model (BRM)". Within this model, the FIICS is classified within the group of risks for which information is unreliable and/or incomplete for finance-related decision-making.

The methodology applied is transferred to a risk map, updated annually, which monitors, among others, finance and taxation-related risks and those of other types (operational, strategic, technological, reputational, environmental, etc.) insofar as they affect the financial statements.

Associated with the evaluation of risks and, in particular, for those related to financial information, an internal control model using a top-down approach is applied for identifying risks on the basis of the most important accounts of the financial statements, considering the following parameters:

- Impact: Measurement of impact/error in terms of losses or earnings. The impact of the occurrence is expressed in different ranges over possible values, either in conditions of normal profits or in circumstances of lower profitability level. In short, the assessment is done regarding assets or income, whereby its materiality is similar, in this case, to the criteria established for its calculation during the audit. The impact in the event of the occurrence of other types of risks is assessed based on its effect on the value chain, demand, personal health and safety, environmental impact, image, compliance with legal and/or contractual obligations, etc.

- Likelihood: Defined as the number of times a specific event or incident is expected to happen or may occur. Within this context, considerations taken into account when evaluating the risks related to financial information refer to aspects such as:

- * Characteristics of the accounts. Consideration is given to internal factors related to the volume of transactions, required judgment, complexity of calculations, accounting principles and the need for using estimates or projections.

- * Characteristics of the business process. Business processes which result in transactions in each of the accounts of the financial statements are identified, considering factors such as the complexity of the process, centralization versus decentralization, information technology-related systems supporting the processes, and interactions with third parties such as clients, suppliers, shareholders or creditors.

We consider that this process, ultimately supervised by the Audit and Compliance Committee, covers all the financial reporting objectives in terms of existence and occurrence, integrity, assessment, presentation, itemization and comparability, and rights and obligations.



Factors considered in the assessment of risks entail:

1. Record of adjustments:

- Referring to adjustments to amounts reported in the financial statements which are not reflected in formal daily book entries.

2. Assumptions and judgments used when estimating account balances:

- The most significant estimates during the accounting process which have an impact on results and imply a high level of judgment and subjectivity are detailed in the annual accounts report.

3. Selection and application of important accounting policies and principles.

4. Transactions subject to a higher level of internal control which involve:

- Conflicts of interest.
- Transactions with related parties.
- Other transactions.

5. Accounting close and consolidation process.

6. Process for identifying the consolidation perimeter.

Financial (interest rate, exchange rate, taxes, credit, liquidity and commodities) and tax-related risks are controlled through specific policies, rules and procedures integrated within the functions of the corresponding departments. Information on hedging and control of these risks is included throughout the legal report.

As indicated previously, the Risk Management and Control System takes into account not only those risks of a defined nature and with direct impact on the reliability of financial information, but also others of a variety of types and which, to a greater or lesser extent and time period may, if applicable, affect the financial statements.

Within this context, during fiscal year 2011, the following have been considered and included within the risk map, among others:

- Reconfiguration of the industry.
- Alignment of manufacture with the delivery of orders (working capital).
- Financing needs and compliance with covenants.
- Technological development, new product platforms/lines and R&D activities.
- Demand-related risk.
- Taxes and litigation.
- Deterioration of assets.



Likewise, and as specified further below under heading "5. Supervision of System Operation", the Audit and Compliance Committee is entrusted with, among others, the functions of supervision of the internal control system, the risk management systems and the preparation and presentation of regulated financial information, for which it is supported by the Internal Audit and Risk Control (BRC) Departments.

Periodically and over the course of the different meetings of the Audit and Compliance Committee, it reviews the main risks identified so that they can be properly managed and notified.

3. Control-related activities.

3.1. Procedures for review and authorization of financial information and description of the FIICS to be published in the stock market, identifying responsible parties and including descriptive documentation on flows of activities and controls (including those related to the risk of fraud) of different types of transactions which may have a material effect on the financial statements, including the accounting close process and a specific review of relevant judgments, estimates, assessments and projections.

The Corporate Management and Control Area consolidates all the financial information of Gamesa Corporación Tecnológica, S.A. and the companies making up its Group, and prepares reports with the financial information.

The Internal Audit Area evaluates the reliability and integrity of accounting and financial information as well as the proper application of accounting principles, and presents it to the Audit and Compliance Committee.

The Audit and Compliance Committee analyzes and makes sure that the regulated financial information sent to the markets and regulatory bodies is complete and sufficient, that it is provided within the set time periods and that it contains the right content.

The control-related activities designed to cover the previously identified risks, as referred to in section 2 above, are carried at both Senior Management corporate level and at the level of each of the business units, from a more operational and specific perspective. The critical areas which have a particular impact on the risks related to the reliability of financial statements basically refer to:

- Provision for wind turbine warranty.
- Margin from the sale of wind turbines and wind farms.
- Accounts receivable.
- Determination/acknowledgement of the degree of progress.
- Activation of development expenditure.
- Deterioration of assets.

Control-related activities for the review and authorization of financial information are carried out monthly, coinciding with the respective accounting close and in response to procedures related to, among others:

- Comparative analysis and deviation in relation to the budget, previous comparison period and indicators (Key Risk Indicators: KRIs), scorecard, etc.
- Analytical review of relevant judgments, assumptions and estimates.
- Authorization levels for significant transactions.



The aforementioned review procedures are carried out at both business unit/geographical area level and at the highest corporate level.

In any case, Gamesa is currently immersed in an ambitious project that seeks to standardize the control activities and which will in turn result in the adaptation and documentation of relevant control-related tasks.

The control-related activities developed to mitigate risks which may potentially have an impact on financial information are a series of approvals, authorizations, verifications, reconcilements, reviews and segregation of functions, among other mechanisms.

Also, specific business units pursue a balance between preventive and detective controls, whether implemented manually and/or automatically, by distributing tasks among persons and processes and integrating the control activities across the policies and procedures applied to business procedures and activities.

Descriptive documentation of the flows corresponding to the main transaction cycles is available:

- Fixed assets.
- Purchases.
- Inventories.
- Payroll.
- Construction and projects.
- Treasury.
- Financial reporting.
- Taxes and litigation.
- Information technologies.

In any case, the implemented control activities are to adopt a balanced approach, be adapted to the characteristics of the transactions and to each geographical area/business unit, and include a cost-benefit analysis and impact assessment, without losing sight of the goal of the reliability of financial information. Within this context, on occasions control-related activities may focus more on substantive checks, rather than on mere compliance with the established procedures.

3.2. Internal control procedures and policies related to the information systems (access-related security, change control, operation, operational continuity, segregation of functions, among others) which support the entity's relevant processes relating to the preparation and publication of financial information.

Within a control setting which encompasses, among other factors, professional competence of an adequately trained human capital, the Information Systems Department has established a general policy on the specialization and flexibility of functions of its human capital so as to achieve the two-fold objective of maintaining highly qualified personnel in key departmental areas while mitigating possible risks that arise from excessive dependence on persons in key positions.



A variety of control procedures and activities have been designed and established in order to reasonably guarantee:

- Business continuity as regards the timely recovery of essential business data in the event of disaster through the periodical backing up of information, stored in separate physical locations, and through a policy for the review and control of the integrity of the backup copies made.
- Security of access to all data and software. Among other physical control activities, the IT Department restricts access to authorized personnel in various areas where key IT elements of the Company are located, and these locations are monitored by adequate control and security systems. At the logical security level, techniques and tools have been defined, configured and implemented to allow for restricting access to the information databases to authorized personnel only, depending on their role-function, through control of procedures for review of assigned users and roles, encryption of sensitive data, management and periodical modification of access passwords, unauthorized download of software programs, and analysis of identified security-related incidents, among others.
- Policies and control related to maintenance and implementation of software applications. Procedures for the request and approval at the adequate level of new software applications, definition of maintenance policies for existing applications and associated action plans, definition of various plans for implementation and migration of applications, and risk management using separate environments for operation and tests or simulations, among others, have been defined and implemented.
- Segregation of functions. Approved matrix for the segregation of functions, whereby different roles are assigned to users according to the identified needs, with no exceptions allowed. Periodical review and approval of the various roles assigned, as well as reassignments, updates, user deletion, verification of infrequent or unused users, etc.

3.3. Internal control policies and procedures for supervising the management of activities subcontracted to third parties, as well as aspects related to evaluation, calculation or valuation entrusted to independent experts which may have a material effect on the financial statements.

It is worth highlighting that the general policy of Gamesa is to not outsource any activity considered as relevant and which may have a material effect on the financial statements. In any case, outsourced activities basically referring to various administrative processes in local offices and small subsidiaries are based on a contract of compensation for services rendered, clearly indicating the service delivered and the resources to be provided by the supplier, an external professional at the highest level from one of the "big four" audit companies, during the rendering of such services.



4. Information and communication

4.1. Specific function in charge of defining and keeping accounting policies up-to-date (Accounting Policies Department or Area) and resolving uncertainties or conflicts derived from their interpretation, maintaining smooth communication with the persons responsible for the organization's operations, as well as an updated Accounting Policies Manual communicated to the units through which the entity operates.

The Accounting and Consolidation Department (reporting to the Management Control Department) is in charge of identifying, defining, keeping up-to-date and communicating the accounting policies which affect Gamesa, as well as responding to accounting-related queries presented by the subsidiaries and the various business units. Within this context, a close and smooth relationship is maintained with the management control areas across the various units and businesses.

In addition, the Accounting and Consolidation Department is in charge of informing Senior Management of new accounting legislation, the results of the implementation of such legislation and its impact on the financial statements.

The accounting policies are applied based on the legal framework applicable to the Group as set forth in the Code of Commerce, other commercial legislation and the International Financial Reporting Standards adopted by the European Union, so that the financial statements present a true picture of the assets and the financial situation.

Gamesa has available a set of documents adapted to the Group's needs, requirements and size, which define and explain the standards for preparing the financial information and how such standards should be applied to the specific operations of the entity. These documents not only explicitly refer to the standards applicable to each type of transaction, but also define and explain their interpretation in order to achieve their exact adaptation to each type of transaction. The corresponding documentation is maintained, as explained above, in the Integrated Management System (SIG) located on the corporate intranet, to which all personnel have access.

These documents are updated on a regular basis and include the standards that apply to each year. The subsidiaries are informed of significant modifications that apply to them by e-mail or at meetings held specifically for this purpose with their management.

4.2. Mechanisms for capturing and preparing the financial information using homogeneous formats, applicable to and to be used by all the units of the entity or Group, which support the main financial statements and their notes, as well as the information detailed on the FIICS.

The process for consolidating and preparing the financial information is centralized. The financial statements reported by the Group subsidiaries in the established formats, as well as the rest of financial information required for both the accounting harmonization process and for complying with the established informational requirements, are used as inputs.



Within this context, the Accounting and Consolidation Department (belonging to Management Control) establishes a centralized plan for six-month and annual closes, distributing the pertinent instructions across each and every group and subgroup in relation to the scope of the work required, key reporting dates, standard documentation to be sent, and deadlines for reception and communication. These instructions include, among other aspects, the reporting and corporate consolidation package, preliminary close, intercompany billing, physical inventories, confirmation and reconciliation of intra-group balances, final close and outstanding matters.

A series of controls are implemented to ensure the reliability and proper processing of the information received from the various subsidiaries, including controls on the proper completion of the various consolidation entries, analysis of variations in all items related to assets and results, and changes in results obtained compared with the monthly budget.

5. Supervision of the system's operation.

5.1. Activities related to supervision of the FIICS carried out by the Audit Committee, and whether the entity has an internal audit function which includes among its competences supporting the committee in its task of supervising the internal control system, including the FIICS. Scope of the FIICS evaluation carried out during the year and the procedure whereby the person responsible for the evaluation informs of the results, whether the entity has an action plan detailing possible corrective measures, and whether its impact on financial information has been considered.

Smooth communication exists between the Audit and Compliance Committee, Senior Management, the Internal Audit Manager and the External Auditors in order to ensure the availability of the information required to carry out its functions related to its responsibility for supervising the FIICS. At these regular meetings, the information and the related internal financial control are analyzed, and all the questions of interest to the members are discussed openly, so as to enable the supervision of the financial information and the related internal control, as well as the adaptation of the implemented control policies and procedures, accounting principles used, significant estimates, etc.

The Audit and Compliance Committee supervises, among its activities, the following information:

- The Management Report and Consolidated Annual Accounts of Gamesa Corporación Tecnológica, S.A. and its subsidiaries.
- The limited review report on the intermediate summarized consolidated financial statements corresponding to the period ending June 30 of each year.
- The quarterly information filed with the National Securities Market Commission.
- The information prepared for investors and analysts, prior to publication.

Within this context, Gamesa's Internal Audit Department supports the Committee in its task of supervising the internal control system. In order to ensure its independence, the internal audit function is hierarchically dependant on the Board of Directors and, on its behalf, on its Chairman, and functionally dependant on the Committee, putting forward proposals for the election, appointment, re-election and dismissal of the person responsible for the internal audit service.



Moreover, this Committee receives regular information on the internal audit activities, its work plan and information on incidents arising over the course of these activities, as well as an activity report at the end of each fiscal year.

In order to make this supervision possible, the Internal Audit services comply with the requests of the Committee in the exercise of its functions, and participate regularly in the meetings of the Audit and Compliance Committee, whenever required.

Furthermore, meetings are held between the Audit and Compliance Committee and the External Auditors to address queries related to important matters, or whenever an area of the generally accepted accounting principles is unclear.

As a result of the aforementioned supervision activities, the corresponding action plan is defined, which upon the analysis of its impact on the financial information, is communicated to the corresponding executive functions and, in turn, is subject to monitoring and implementation.

5.2. Discussion procedure whereby the Auditor (in accordance with the provisions of the NTA), the Internal Audit function and other Experts inform Senior Management and the Audit Committee or company officers of significant internal control weaknesses identified during the annual accounts review processes, or others which may have been entrusted to them. Likewise, information will be provided as to the availability of an action plan to attempt to correct or mitigate the observed weaknesses.

Since fiscal year 2007, the Audit and Compliance Committee has a written procedure which regulates its relations with the External Auditor of the Company and of its consolidated Group. The aforementioned "Regulatory Framework" has undergone various modifications for the purpose of updating it, through the inclusion of new actions and its adaptation to written policies and procedures which are part of internal regulations as a result of changes in legislation. The latest version was approved by the Chairman of Gamesa and the Chairman of the Committee on its behalf on July 21, 2011.

The Technical Audit Standards (NTA) issued by the Institute of Accounting and Auditing (ICAC) set forth the auditor's obligation to inform Management and the Audit Committee of any significant weaknesses detected in the internal control system during the course of the audit. Nevertheless, and regardless of the aforementioned requirement, the written procedure developed in the "Regulatory Framework" sets forth that, in any case, the external auditors must submit to the Committee an annual report of recommendations as the result of their work.

In accordance with the aforementioned internal regulations, and at least once a year, the external auditors attend a meeting of the Audit and Compliance Committee in order to present their recommendations for internal control which, where applicable, imply establishing the corresponding action plan in order to correct or mitigate any observed weaknesses.



In any case, as already explained, the Audit and Compliance Committee always meets prior to the publication of regulated information in order to gather and analyze the information required to carry out the functions that have been entrusted to it by the Board of Directors. At these meetings, the company's Annual and Six-Monthly Reports and the quarterly intermediate statements, as well as the rest of the information made available to the market, are analyzed in depth. In order to complete this process, the Audit and Compliance Committee receives all the documentation in advance and meets with the Management Control Department (which is responsible for preparing the financial information), the Internal Audit Department and the Auditor in the case of the Annual and Six-Monthly Reports, in order to ensure proper application of current accounting standards and the reliability of the financial information.

In addition, during this discussion process any possible weaknesses in the FIICS which have been identified and, where applicable, the proposals for their correction and the status of the implemented actions, are assessed.