

# **Gamesa Corporación Tecnológica, S.A.**

Auditors' Report

Financial Statements for the year ended  
31 December 2011 and 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 financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.*

## Auditor's report on annual accounts

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

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

We have audited the annual accounts of Gamesa Corporación Tecnológica, S.A., consisting of the balance sheet at 31 December 2011, the income statement, the statement of changes in equity, the cash flow statement and related notes for the year then ended. The Company's Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (as identified in Note 2.a to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2011 present fairly, in all material respects, the financial position of Gamesa Corporación Tecnológica, S.A. at 31 December 2011 and the results of its operations and cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

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

The accompanying Directors' Report for 2011 contains the explanations which the Directors consider appropriate regarding the Company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Directors' Report is in agreement with that of the annual accounts for 2011. Our work as auditors is limited to checking the 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 Company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by Ricardo Celada  
Partner  
February 23, 2012

**GAMESA CORPORACIÓN TECNOLÓGICA, S.A.**

**BALANCE SHEET AT 31 DECEMBER 2011 AND 2010**

(Thousands of euros)

ASSETS	Notes	31.12.2011	31.12.2010 (*)	EQUITY AND LIABILITIES	Notes	31.12.2011	31.12.2010 (*)
<b>NON-CURRENT ASSETS</b>		<b>248,692</b>	<b>300,092</b>	<b>EQUITY</b>	<b>Note 12</b>	<b>570,689</b>	<b>512,184</b>
Intangible assets	Note 6	1.401	22	<b>SHAREHOLDER'S EQUITY-</b>		<b>570,687</b>	<b>512,182</b>
Intellectual property		-	2	Share capital		42,039	41,771
Computer software		1.401	20	Share premium		155,279	155,279
<b>Property, plant and equipment</b>	<b>Note 7</b>	<b>1.114</b>	<b>1.125</b>	Reserves		<b>343,225</b>	<b>291,771</b>
Other fixtures, tools and furniture		738	969	Legal and bylaw reserves		8,354	8,272
Other items of property, plant and equipment		376	166	Other reserves		334,871	283,499
<b>Non-current Investments In Group companies and associates</b>	<b>Note 9</b>	<b>210,816</b>	<b>204,646</b>	Treasury shares		<b>(27,541)</b>	<b>(34,188)</b>
Investments In Group companies and associates		210,816	204,646	Profit for the year		57,685	57,549
<b>Non-current financial assets</b>	<b>Note 9</b>	<b>1,419</b>	<b>71,234</b>	<b>GRANTS, DONATIONS OR GIFTS AND LEGACIES RECEIVED</b>		<b>2</b>	<b>2</b>
Equity instruments		113	113				
Long-term loans to third parties		866	70,671				
Guarantees and deposits given		440	460				
Deferred tax assets	Note 16	33,942	23,065	<b>NON-CURRENT LIABILITIES</b>		<b>8,211</b>	<b>8,211</b>
				Long-term provisions	Note 13	465	465
				Non-current payables	Note 14	761	761
				Other financial liabilities	Note 15	761	761
				Deferred tax liabilities	Note 16	6,985	6,985
<b>CURRENT ASSETS</b>		<b>414,466</b>	<b>303,971</b>			<b>84,258</b>	<b>83,668</b>
<b>Trade and other receivables</b>		<b>46,430</b>	<b>47,775</b>	<b>CURRENT LIABILITIES</b>		<b>1,003</b>	<b>986</b>
Trade receivables for sales and services		26	24	Short-term provisions	Note 13	1,003	986
Receivables from Group companies and associates	Note 19	40,494	33,514	Other provisions		7,842	13,309
Accounts receivable		105	100	Current payables	Note 14	7,842	13,309
Other accounts receivable from public authorities	Note 16	5,805	14,137	Bank borrowings			
<b>Current Investments In Group companies and associates</b>	<b>Note 19</b>	<b>318,790</b>	<b>249,782</b>	<b>Current payables to Group companies and associates</b>	<b>Note 19</b>	<b>67,785</b>	<b>59,400</b>
Short-term loans to Group companies		318,790	249,782	Trade and other payables		7,628	9,973
<b>Current financial assets</b>	<b>Note 10</b>	<b>47,712</b>	<b>-</b>	Sundry accounts payable		4,685	6,100
Short-term loans to third parties		47,712	-	Remuneration payable		1,874	3,027
<b>Cash and cash equivalents</b>	<b>Note 11</b>	<b>1,534</b>	<b>6,414</b>	Other accounts payable to public authorities	Note 16	1,069	846
Cash		1,534	6,414				
<b>TOTAL ASSETS</b>		<b>663,158</b>	<b>604,063</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>663,158</b>	<b>604,063</b>

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the balance sheet at 31 December 2011.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

**GAMESA CORPORACIÓN TECNOLÓGICA, S.A.**

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

(Thousands of euros)

	Notes	2011	2010 (*)
<b>CONTINUING OPERATIONS:</b>			
Revenue	Notes 9 & 18.a	72.461	66.332
Dividends received for investments in equity instruments of Group companies and associates		65.427	60.414
Income from loans granted to Group companies and associates		7.034	5.918
<b>Other operating income</b>		<b>37.482</b>	<b>32.561</b>
Non-core and other current operating income	Note 18.b	37.282	32.551
Income-related grants transferred to profit or loss		200	30
Personnel expenses	Note 18.d	(21.733)	(18.953)
Wages, salaries and similar expenses		(18.304)	(16.050)
Employee benefit costs		(3.429)	(2.903)
<b>Other operating expenses</b>	Note 18.c	<b>(22.351)</b>	<b>(20.105)</b>
Outside services		(22.339)	(20.087)
Taxes other than income tax		(22)	(18)
Depreciation and amortization	Notes 6 & 7	(776)	(407)
Excessive provisions	Note 13	-	1.417
<b>OPERATING PROFIT/(LOSS)</b>		<b>65.073</b>	<b>60.665</b>
Financial income	Notes 9 & 19	4.009	3.757
From marketable securities and other third-party financial instruments		4.009	3.757
Financial expense		(723)	(807)
On debts to Group companies and associates	Note 19	(223)	(210)
On debts to third parties	Note 14	(500)	(597)
Exchange differences		285	(178)
Impairment and profit/loss on disposals of financial instruments		(25.000)	(72)
Impairment and other losses		(25.000)	(72)
<b>FINANCIAL PROFIT/(LOSS)</b>		<b>(21.429)</b>	<b>2.700</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>43.644</b>	<b>63.565</b>
Income tax	Note 16	14.041	(6.016)
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>57.685</b>	<b>57.549</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>57.685</b>	<b>57.549</b>

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the income statement at 31 December 2011.

**GAMESA CORPORACIÓN TECNOLÓGICA, S.A.**

**STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010**  
(Thousands of euros)

**A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR 2011 AND 2010**

	2011	2010 (*)
Profit per income statement	57.685	52.494
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>	<b>57.685</b>	<b>52.494</b>

**B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR 2011 AND 2010**

	Share capital	Share premium	Revaluation reserve	Legal reserve	Reserve for redenomination of capital in euros	Voluntary reserves	Reserves for treasury shares	Treasury shares	Profit for the year	Grants, donations or gifts received	Total
<b>BEGINNING BALANCE AT 31 DECEMBER 2009 (*)</b>	41.361	155.279	1.139	8.272	-	152.298	32.310	(32.310)	104.779	-	463.131
Total income and expense recognised	-	-	-	-	-	-	-	-	57.549	-	57.549
Other changes in equity:	-	-	-	-	-	-	-	-	-	-	-
- Distribution of 2009 profit:	-	-	-	-	-	-	-	-	-	-	-
Voluntary reserves	-	-	-	-	-	104.779	-	-	(104.779)	-	-
Dividend out of profit	-	-	-	-	-	-	-	-	-	-	-
- Scrip dividend and bonus issue (Note 12.a)	410	-	(410)	-	-	(9.772)	-	-	-	-	(9.772)
- Treasury share transactions (Note 12.c)	-	-	-	-	-	(2.039)	-	(1.878)	-	-	(2.039)
- 2009 - 2011 incentive plan (Note 12.d)	-	-	-	-	-	3.315	-	-	-	-	3.315
<b>ENDING BALANCE AT 31 DECEMBER 2010</b>	<b>41.771</b>	<b>155.279</b>	<b>729</b>	<b>8.272</b>	<b>1</b>	<b>248.581</b>	<b>34.188</b>	<b>(34.188)</b>	<b>57.549</b>	<b>-</b>	<b>512.184</b>
Total income and expense recognised	-	-	-	-	-	-	-	-	57.685	-	57.685
Other changes in equity:	-	-	-	-	-	-	-	-	-	-	-
- Distribution of 2010 profit:	-	-	-	-	-	-	-	-	-	-	-
Other reserves	-	-	-	82	-	55.796	-	-	(55.878)	-	-
Dividend from 2010 profit	-	-	-	-	-	-	-	-	-	-	-
- Scrip dividend and bonus issue (Note 12.a)	268	-	(268)	-	-	(2.537)	-	-	(1.871)	-	(1.871)
- Treasury share transactions (Note 12.c)	-	-	-	-	-	734	-	-	-	-	734
- Incentive plan (Note 12.d)	-	-	-	-	-	4.284	(6.647)	6.647	-	-	4.294
<b>ENDING BALANCE AT 31 DECEMBER 2011</b>	<b>42.039</b>	<b>155.279</b>	<b>461</b>	<b>8.354</b>	<b>1</b>	<b>306.868</b>	<b>27.541</b>	<b>(27.541)</b>	<b>57.685</b>	<b>-</b>	<b>570.689</b>

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the statement of changes in equity at 31 December 2011.

# GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

## STATEMENTS OF CASH FLOWS FOR 2011 AND 2010

(Thousands of euros)

	Notes	2.011	2010 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)</b>			
Profit for the year before tax		(2.711)	60.628
Adjustments for:		43.644	63.565
- Depreciation and amortization	Notes 6 & 7	776	407
- Impairment losses	Note 10	25.000	(1.345)
- Changes in provisions (incentive plans)	Note 12	914	1.841
- Changes in other provisions	Note 13	-	72
- Income from loans granted to Group companies and associates	Note 19	(7.034)	(5.918)
- Income from marketable securities and other third party financial instruments	Note 10	(4.009)	(3.757)
- Financial expenses	Note 14 & 19	723	807
- Exchange differences		(285)	178
<b>Changes in working capital</b>			
- Trade and other receivables		1.647	2.629
- Other current assets		(46.972)	54.239
- Other payables		(2.345)	1.791
<b>Other cash flows from operating activities</b>			
- Interests paid	Note 14	(500)	(722)
- Interests received		730	6.841
- Dividends (not received)	Note 19	(65.000)	(60.000)
- Dividends received during the year	Note 19	50.000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>		(4.552)	(6.025)
<b>OPERATING PROFIT/(LOSS)</b>			
<b>Payments due to Investments</b>			
- Group companies and associates	Note 9	(2.790)	(6.546)
- Other investments in non-current financial assets		-	(8)
- Investments in intangible assets and property, plant and equipment	Notes 6 & 7	(2.144)	(35)
<b>Charges for divestments</b>			
- Other investments in non-current financial assets		382	564
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		2.383	(48.248)
<b>Receipts and payments for equity instruments</b>			
- Purchase of treasury shares	Note 12	734	(2.039)
<b>Receipts and payments for financial liability instruments</b>			
- Issuing/(repayment) of bank borrowings and other financial liabilities	Notes 14 & 15	(5.467)	(40.661)
- Issuing of borrowings from Group companies and associates	Note 19	11.324	4.224
<b>Dividends and returns on other equity instruments paid</b>			
- Dividends		(4.208)	(9.772)
<b>IMPACT OF CHANGES IN EXCHANGE RATE (IV)</b>		-	-
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		(4.880)	6.355
Cash and cash equivalents at beginning of the year		6.414	59
Cash and cash equivalents at year end		1.534	6.414

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 22 are an integral part of the statement of cash flows at 31 December 2011.

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

## **Gamesa Corporación Tecnológica, S.A.**

Notes to the financial statements for the year  
ended 31 December 2011

### **1. Activities and corporate purpose**

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

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

- a) Subscription of shares or other equity investments in unlisted companies engaging in business activities.
- b) Acquisition of the shares or other equity investments mentioned in the preceding point.
- c) Subscription of fixed-income securities issued by the companies in which it has ownership interests or the grant of participating and other loans to these companies for a term exceeding five years.
- d) Direct provision to investees of counselling, technical assistance and other similar services related to the management of investees, to their financial structure or to their production or marketing processes.
- e) Grant of participating loans for the acquisition of newly-built vessels which are intended for commercial shipping or fishing and not for 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 is the parent of a group of subsidiaries and in accordance with current legislation it is required to prepare separate consolidated financial statements. The consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and subsidiaries (hereinafter “GAMESA Group”) for 2011 have been prepared by the Directors at a Board of Directors meeting held on 22 February 2012. The consolidated financial statements 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 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 and sale of wind farms

**Information on the environment-**

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

**2. Basis of presentation of the financial statements**

***a) Financial reporting legislation applicable to the Company-***

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

- The Commercial Code and other mercantile legislation
- The Spanish General Accounting Plan approved by Royal Decree 1514/2007 and the amendments made by Royal Decree 1159/2010 and industry adaptations in order to provide a true and fair view of its equity, financial situation and the results obtained, as well as the accuracy of the cash flows included in the cash flow statement.
- The mandatory standards approved by the Accounting and Audit Institute to enable the General Accounting Plan and its supplementary regulations, as well as the mandatory standards approved by the National Stock Market Commission.
- All other applicable Spanish accounting legislation.
- The annual accounts have been prepared on the basis of the Gamesa Corporación Tecnológica, S.A. accounting records and are presented in compliance with current Spanish Company Law and Spanish General Accounting Plan.

***b) True and fair view-***

The accompanying financial statements have been prepared on the basis of the Company's accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company's net worth, its financial situation, the results of its operations and cash flows for the year. These financial statements, which have been prepared by the Directors of the Company, will be submitted for the approval of the General Meeting and it is expected that they will be approved without any modification being made. The financial statements for 2010 were approved by the Company's shareholders at a General meeting held on 25 May 2011.

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

**c) *Non-mandatory accounting principles applied-***

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

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

**d) *Critical aspects of the valuation and estimation of uncertainty-***

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

- Calculation of provisions. At each balance sheet date company management estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Company considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial (Note 13).
- The evaluation of possible impairment losses affecting certain assets such as receivables and interests in group companies and associates (Note 9).
- Useful lives of property, plant and equipment and intangible assets. Company management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively (Notes 6 and 7).
- Company management has made a series of assumptions to calculate liabilities for commitments to employees.
- Corporate income tax and deferred tax assets: The status of tax regulations applicable to the Company entails the need for estimated calculations and a final quantification of the uncertain tax. The calculation of the tax is carried out based on Company management's best estimates in accordance with the current tax situation and bearing in mind the foreseeable evolution of tax legislation.

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

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

- Contingent liabilities: The Company's Directors consider that there are no significant contingent liabilities at 31 December 2011 and 2010.

Despite the fact that these estimates have been made based on the best information available at the end of 2011, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

**e) Groupings of items-**

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

**f) Error correction-**

When preparing the accompanying financial statements the Group did not detect any significant error that could have given rise to the restatement of the amounts included in the 2010 financial statements.

**3. Application of results**

The distribution of the net profit for 2011 that the Board of Directors of GAMESA will propose for approval by the shareholders at the Annual General Meeting is as follows:

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

In addition, at the date of authorisation for issue of these financial statements, as in the previous year, the Company's Board of Directors resolved to propose to the shareholders at the Annual General Meeting a compensation 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, 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.

#### **4. Accounting policies and measurement bases**

The main accounting and measurement policies followed by GAMESA during the preparation of the 2011 financial statements, in accordance with those stipulated in the Spanish General Accounting Plan, are as follows:

##### ***a) Intangible assets-***

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

##### **a) Industrial property rights:**

This account records the amounts paid to acquire ownership or licenses to use the Company's property.

##### **b) Computer software:**

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

##### ***b) Asset impairment-***

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In the case of financial investments in group companies and associates, fair value is the present value of future cash flows deriving from the investment, as is indicated in Note 4.e.

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

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

- Projected results
- Projected investments and working capital

Other variables that influence the recoverable value calculation are:

- Discount rate to be applied, which is understood to be the average weighted cost of capital and the main variables that influence its calculation is the cost of liabilities and the specific of risks

affecting the assets. The discount rates taken into consideration by the Company ranged between 9% and 11% (between 8% and 11% in 2010).

- The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections. The Company uses growth rates ranging between 0 and 1.5%, depending on the specific asset concerned.

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

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

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

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

**c) Property, plant and equipment-**

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

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

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

	Estimated useful lives
Other equipment and furnishings	6 – 10
Tooling	3 – 4
Other assets	3 – 5

At 31 December 2011 and 2010 the Company does not record any land, buildings and other structures held for leasing or to obtain a capital gain as a result of future increases in market prices.

**d) Leases-**

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

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

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

**e) Financial instruments-**

Financial assets

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

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

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

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

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

- b) Investments in the equity of group companies and associates: They are stated at cost less, where appropriate, accumulated value adjustments for impairment. Nonetheless, when there is an investment prior to its classification as a group company, jointly-controlled entity or associate, its carrying value prior to that classification is regarded as the investment cost. The prior measurement adjustments that are directly recorded under equity are maintained there until written off.

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

GAMESA has majority stakes in the capital of certain companies and has shareholdings that are equal to or exceed 20% of the share capital in others (Appendix). These financial statements do not reflect the effect of applying consolidation or equity method criteria, as appropriate. As a company whose shares are listed on a stock market, GAMESA has presented its consolidated financial statements for 2011 and 2010 in accordance with International Financial Reporting Standards. Note 9 indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these financial statements.

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

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

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

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

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

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

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

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

#### Financial liabilities

##### Borrowings and payables

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

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

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

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

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

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

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

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

##### **g) Corporate income tax-**

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

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

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

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include timing differences that are identified as those amounts that are expected to be payable or recoverable due to the differences between the carrying value of assets and liabilities and their attacks value, as well as tax-loss carryforwards yet to be offset and tax deductions yet to be applied. These amounts are recorded by applying the timing difference or credit relating to the tax rate at which they are expected to be recovered or settled.

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

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

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

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

#### ***h) Income and expense-***

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

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

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

***i) Severance indemnities-***

In accordance with current, GAMESA is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company. Severance indemnities which can be reasonably quantified are expensed in the year in which the related decision is taken and reported. In 2011 the Company recognised EUR 635 thousand in this respect (2010: EUR 922 thousand).

In the financial statements for the year ended 31 December 2011 and 2010 no provision whatsoever has been recorded in this respect since no situations of this type are foreseen.

***j) Environmental assets-***

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

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

***k) Equity instruments and share-based payments-***

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

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

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

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

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

***l) Provisions and contingencies-***

When preparing the financial statements, the Company's Directors make a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations (Note 13).
- b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the consolidated entities (Note 13).

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather they are reported in the notes to the accounts to the extent that they are not considered to be remote.

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

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

***m) Transactions and balances with related-parties***

In general, transactions between group companies are initially recognized at fair value. Transactions are subsequently measured in accordance with applicable standards.

However, in transactions involving a merger, spin-off or non-monetary contribution of a business the elements making up the acquired business are measured at their value after the transaction in the consolidated financial statements for the Group or the subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the financial statements to be taken into account for these purposes will be those of the larger group or subgroup into which the equity items are Incorporated and whose parent company is Spanish.

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

**n) Cash and other cash equivalents**

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

- Convertible into cash.
- At the time of acquisition they mature within three months.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's normal cash management policy.

**ñ) Equity**

Share capital consists of ordinary shares.

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

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

**o) Estimation of fair value**

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

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

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

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

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

GAMESA is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. 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 (exchange rate)-**

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

In order to manage and minimise this risk, 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 breakdown of the main foreign currency balances at 31 December 2011 and 2010 is as follows:

Currency	Equivalent value in thousands of euro			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Pound sterling	-	30	1	-
US dollar	9,314	431	4,888	216
Other currencies	1	105	-	1
<b>Total</b>	<b>9,315</b>	<b>566</b>	<b>4,889</b>	<b>217</b>

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
Receivables	8,631	-	4,876	-
Cash and cash equivalents	684	-	13	-
Payables	-	566	-	217
<b>Total</b>	<b>9,315</b>	<b>566</b>	<b>4,889</b>	<b>217</b>

**b) Interest rate risk-**

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

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

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

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

**c) Liquidity risk-**

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

**d) Credit risk-**

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

## 6. Intangible assets

Movements in the accounts included under Intangible assets during 2011 and 2010 are as follows:

<b>2011</b>	Thousands of euros		
	Balance at 31.12.10	Additions/ (Appropriations)	Balance at 31.12.11
<b>COST</b>			
Industrial property rights	23	-	23
Computer software	580	1,726	2,306
<b>Total cost</b>	<b>603</b>	<b>1,726</b>	<b>2,329</b>
<b>AMORTISATION:</b>			
Industrial property rights	(21)	(2)	(23)
Computer software	(560)	(345)	(905)
<b>Total amortisation</b>	<b>(581)</b>	<b>(347)</b>	<b>(928)</b>
<b>Net total</b>	<b>22</b>		<b>1,401</b>

<b>2010</b>	Thousands of euros		
	Balance at 31.12.09	Additions/ (Appropriations)	Balance at 31.12.10
<b>COST:</b>			
Industrial property rights	23	-	23
Computer software	580	-	580
<b>Total cost</b>	<b>603</b>	<b>-</b>	<b>603</b>
<b>DEPRECIATION:</b>			
Industrial property rights	(16)	(5)	(21)
Computer software	(541)	(19)	(560)
<b>Total amortisation</b>	<b>(557)</b>	<b>(24)</b>	<b>(581)</b>
<b>Net total</b>	<b>46</b>		<b>22</b>

On 27 February 2011, Gamesa Corporación Tecnológica, S.A. acquired software licenses totalling EUR 1,726 thousand.

At 31 December 2011 and 2010 the Company recorded fully amortised intangible assets that continued to be used, as follows (Thousands of euros):

Description	Carrying value (gross)	
	2011	2010
Industrial property rights	23	-
Computer software	550	550
<b>Total fully amortised assets</b>	<b>573</b>	<b>550</b>

## **7. Property, plant and equipment**

Movements in the accounts included under Property, plant and equipment during 2011 and 2010 are as follows:

<b><u>2011</u></b>	Thousands of euros		
	Balance at 31.12.10	Additions/ (Appropriations)	Balance at 31.12.11
<b>COST</b>			
Other installations, tooling and fixtures	2,012	36	2,048
Other assets	874	382	1,256
<b>Total cost</b>	<b>2,886</b>	<b>418</b>	<b>3,304</b>
<b>DEPRECIATION:</b>			
Other installations, tooling and fixtures	(1,043)	(267)	(1,310)
Other assets	(718)	(162)	(880)
<b>Total depreciation</b>	<b>(1,761)</b>	<b>(429)</b>	<b>(2,190)</b>
<b>Net total</b>	<b>1,125</b>		<b>1,114</b>

<b><u>2010</u></b>	Thousands of euros		
	Balance at 31.12.09	Additions/ (Appropriations)	Balance at 31.12.10
<b>COST:</b>			
Other installations, tooling and fixtures	2,007	5	2,012
Other assets	844	30	874
<b>Total cost</b>	<b>2,851</b>	<b>35</b>	<b>2,886</b>
<b>DEPRECIATION:</b>			
Other installations, tooling and fixtures	(766)	(277)	(1,043)
Other assets	(612)	(106)	(718)
<b>Total depreciation</b>	<b>(1,378)</b>	<b>(383)</b>	<b>(1,761)</b>
<b>Net total</b>	<b>1,473</b>		<b>1,125</b>

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

GAMESA's policy is to obtain insurance policies to cover all risks that could affect its property, plant and equipment. At the end of 2011 and 2010 there was no shortfall in the coverage for these risks.

At 31 December 2011 and 2010 the Company recorded fully depreciated property, plant and equipment that continued to be used, as follows (Thousands of euros):

Description	Carrying value (gross)	
	2011	2010
Other installations, tooling and fixtures	229	229
Other assets	513	513
<b>Total fully amortised assets</b>	<b>742</b>	<b>742</b>

The Company had no commitments to acquire property, plant and equipment at 31 December 2010.

#### **8. Leases**

At the end of 2011 and 2010 the Company had contracted the following minimum lease instalments with several lessors, in accordance with current contracts, without taking into account the repercussion of common expenses, inflation increases or future updates of the rent agreed in the contracts.

Operating leases Minimum instalments	Thousands of euros	
	Par value	
	2011	2010
Less than one year	313	578
<b>Total</b>	<b>313</b>	<b>578</b>

The amounts relating to operating lease instalments recognised as an expenses under "Other operating income" in the income statement for 2011 and 2010, totalled EUR 382 thousand and EUR 621 thousand, respectively (Note 18.b).

At 31 December 2011 and 2010 the Company maintains multiple lease agreements, mainly for vehicles, in immaterial amounts considered individually.

At 31 December 2011 and 2010 the Company held a total of EUR 440 thousand and EUR 450 thousand, respectively, under the heading "Long-term financial investments - Deposits and guarantees provided" (Note 9) for building lease security deposits for the premises at which GAMESA mainly carries out its business, which since 2009 have been assumed by Gamesa Innovation & Technology, S.L. (Sole-Shareholder Company) (wholly owned by GAMESA).

## 9. Long-term financial instruments

The balance under the heading "Long-term investments in group companies and associates at the end of 2011 and 2010 is as follows (Thousands of euros):

### 2011

Classes Categories	Long-term financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Shareholdings in Group companies and associates	210,816	-	210,816
Loans and receivables	-	866	866
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	440	440
<b>Total</b>	<b>210,929</b>	<b>1,306</b>	<b>212,235</b>

### 2010

Classes Categories	Long-term financial instruments		
	Equity instruments	Loans, derivatives and other	Total
Shareholdings in Group companies and associates	204,646	-	204,646
Loans and receivables	-	70,671	70,671
Available-for-sale assets	113	-	113
Deposits and guarantees provided (Note 8)	-	450	450
<b>Total</b>	<b>204,759</b>	<b>71,121</b>	<b>275,880</b>

**Shareholdings in Group companies and associates-**

The most significant information relating to group companies and associates at the end of 2011 and 2010 is as follows:

2011 Company or group of companies (Notes 19 and Appendix)	% Direct interest	% Indirect interest	Thousands of euros						
			Carrying Amount		Capital (1)	Other equity (1)	Dividends collected (Note 19)	Operating results (1):	Net earnings (1)
			Cost	Accumulat ed impairment losses					
<b>Group companies:</b>									
Gamesa Energía, S.A. (Sole-Shareholder Company) (**)	100%	-	161,291	-	35,491	376,441	65,000	(28,338)	(22,831)
Cametor, S.L. (Sole-Shareholder Company) (*)	100%	-	4,577	-	3,902	7,917	-	66	169
Gamesa Technology Corporation, Inc. (*)	100%	-	25,907	-	24,942	(97,882)	-	1,977	(6,752)
Gamesa Nuevos Desarrollos, S.A. (*) (Note 13)	100%	-	63	(61)	61	(951)	-	134	14
Compass Transworld Logistics, S.A. (***)	51%	-	3,561	-	6,861	2,789	427	2,745	1,619
Gamesa Wind Turbines PTV, Lda (**)	1%	99%	828	-	82,768	4,098	-	15,751	2,516
<b>Associated companies:</b>									
Windar Renovables, S.L. (**)	32%	-	6,104	-	9	48,204	-	1,543	(431)
Worldwater & Solar Technologies Inc. (*)	25%	-	2,243	-	2,309	(1,648)	-	(537)	(537)
New Broadband Network Solutions, S.L. (*)	18.8%	-	2,000	-	109	568	-	(267)	(267)
Skybuilt Power Inc. (*)	28.75%	-	4,303	-	4,678	(2,431)	-	(634)	(634)
<b>Total</b>			<b>210,877</b>	<b>(61)</b>					

(1) This information makes reference to the individual financial statements at 31 December 2011, not consolidated, for the respective companies.

(\*) Companies not legally required to audit their financial statements.

(\*\*) Companies audited by PwC.

(\*\*\*) Audited by another audit firm

**2010**

Company or group of companies (Notes 19 and Appendix)	% Direct interest	% Indirect interest	Thousands of euros						
			Carrying Amount		Capital (1)	Other equity (1)	Dividends collected (Note 19)	Operating results (1):	Net earnings (1)
			Cost	Accumulat ed impairment losses					
<b>Group companies:</b>									
Gamesa Energía, S.A. (Sole-Shareholder Company) (**)	100%	-	158,368	-	35,491	460,067	60,000	73,203	59,252
Cametor, S.L. (Sole-Shareholder Company) (*)	100%	-	4,577	-	3,902	7,748	-	252	332
Gamesa Technology Corporation, Inc. (*)	100%	-	25,490	-	24,942	(90,052)	-	(2,028)	(2,222)
Gamesa Nuevos Desarrollos, S.A. (*) (Note 13)	100%	-	61	(61)	61	(968)	-	1,254	1,136
Compass Transworld Logistics, S.A. (***)	51%	-	3,524	-	6,861	1,877	414	1,340	832
<b>Gamesa Wind Turbines PTV, Lda (**)</b>	1%	99%	37	-	3,768	(2,033)	-	3,664	246
<b>Associated companies:</b>									
Windar Renovables, S.L. (***)	32%	-	6,104	-	9	-	-	-	-
Worldwater & Solar Technologies Inc. (*)	25%	-	2,243	-	2,309	(1,111)	-	(704)	(698)
Skybuilt Power Inc. (*)	28.75%	-	4,303	-	4,678	(1,797)	-	(375)	(529)
<b>Total</b>			<b>204,707</b>	<b>(61)</b>					

(1) This information makes reference to the individual financial statements at 31 December 2010, not consolidated, for the respective companies.

(\*) Companies not legally required to audit their financial statements.

(\*\*) Companies audited by Deloitte.

(\*\*\*) Audited by another audit firm

Changes in the cost of shareholdings in 2011 and 2010 relate mainly to the treasury shares granted by GAMESA to its subsidiaries to make payment of those instruments to employees within the framework of the aforementioned Incentive Plan described in Note 12.c of the notes to the financial statements. This heading is analysed as follows (Thousands of euros):

<b><u>2011</u></b>	Carrying Amount		
	Year 2010	Change (12.c)	Year 2011
Company or group of companies			
Gamesa Energía, S.A. (Sole-Shareholder Company)	158,368	2,923	161,291
Gamesa Technology Corporation, Inc.	25,490	417	25,907
Gamesa Nuevos Desarrollos, S.A. (Sole-Shareholder Company)	-	2	2
Gamesa Wind Turbines PTV, Lda	-	1	1
Compass Transworld Logistics, S.A. (Sole-Shareholder Company)	3,524	37	3,561
<b>Total</b>	<b>187,382</b>	<b>3,380</b>	<b>190,762</b>

<b><u>2010</u></b>	Carrying Amount		
	Year 2009	Change (12.c)	Year 2010
Company or group of companies			
Gamesa Energía, S.A. (Sole-Shareholder Company)	157,148	1,220	158,368
Gamesa Technology Corporation, Inc.	25,261	229	25,490
Compass Transworld Logistics, S.A.	3,499	25	3,524
<b>Total</b>	<b>185,908</b>	<b>1,474</b>	<b>187,382</b>

Other significant changes in the provision during 2011 were as follows:

- The Company Gamesa Wind Turbines, PTV Lda, increased capital by EUR 54 million, in which Gamesa Corporación Tecnológica, S.A. directly subscribed EUR 540 thousand and the rest through another Group subsidiary.
- On 20 December 2011 the Company acquired 25,641 shares in the Spanish company New Broadband Network Solutions, S.L. for a par value of EUR 1 and a share premium of EUR 77 per share, consisting of 18.8% of capital for EUR 2,000 thousand.

Other significant changes in the provision during 2010 were as follows:

- On 7 October and 10 December 2010, the Company 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.

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. 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 both options will be determined based on the earnings of the US company over the twelve months preceding the date on which the option is exercised. The options are recognised at market value.

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

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

#### **Loans and receivables-**

Movements in 2011 are as follows:

<b>2011</b>	Carrying Amount					
	31.12.10	Additions	Capitalization of interest	Disposals	Transfers to short term	31.12.11
Company or group of companies						
Long-term loans	68,861	-	2,531	(7)	(70,685)	700
Long-term loan interest	1,810	1,684	(2,531)	-	(797)	166
<b>Total</b>	<b>70,671</b>	<b>1,684</b>	<b>-</b>	<b>(7)</b>	<b>(71,482)</b>	<b>866</b>

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 10). 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 8).

At 31 December 2011 and 2010, under the headings "Other current financial assets" and "Loans and other receivables", respectively, the Company 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, 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 assets, 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.

***Deposits and guarantees provided-***

Under this heading the Company fundamentally records the guarantees provided to secure the lease agreements covering the buildings at which the Company carries out part of its administrative tasks, as is described in Note 8.

**Maturities-**

The breakdown by maturity of the items making up "Long-term financial investments" at 31 December 2011 and 2010 is as follows (Thousands of euros):

<b>2011</b>	2013	2014	2015	2016 and Subsequent years	Total
Loans and receivables	866	-	-	-	866
Deposits and guarantees provided	344	1	95	-	440
<b>Total</b>	<b>1,210</b>	<b>1</b>	<b>95</b>	<b>-</b>	<b>1,306</b>

<b>2010</b>	2012	2013	2014	2015 and Subsequent years	Total
Loans and receivables	68,666	2,005	-	-	70,671
Deposits and guarantees provided	354	1	95	-	450
<b>Total</b>	<b>69,020</b>	<b>2,006</b>	<b>95</b>	<b>-</b>	<b>71,121</b>

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

**Effect of non-consolidation-**

GAMESA's financial statements are presented in compliance with current mercantile legislation. However, the management of GAMESA and Group companies is carried out on a consolidation basis. As a result, GAMESA's financial statements do not reflect the financial-equity changes that result from applying consolidation criteria to those shares or the transactions carried out by them, some of which derive from the Group's global strategy. These changes are reflected in the consolidated financial statements for GAMESA Group in 2011.

The main figures in GAMESA's consolidated accounts for 2011 and 2010, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

	Thousands of euros	
	2011	2010
Total assets	5,631,449	4,939,111
Equity	1,692,098	1,628,702
Parent Company	1,685,150	1,623,654
Minority shareholders	6,948	5,048
Net revenues from continued operations	3,026,616	2,735,645
Profit for the year	51,695	50,669
Parent Company	51,112	50,192
Minority shareholders	583	477

## **10. Short-term financial instruments**

The breakdown of current financial instruments at 31 December 2011 and 2010 is as follows (Thousands of euros):

### **2011**

<b>Classes</b> <b>Categories</b>	<b>Current financial instruments</b>		
	<b>Equity instruments</b>	<b>Loans, derivatives and other</b>	<b>Total</b>
<b>Loans and receivables:</b>			
- Group trade receivables (Note 19)	-	40,494	40,494
- Trade receivables	-	105	105
- Loans to group companies (Note 19)	-	318,790	318,790
- Current financial investments	-	47,712	47,712
<b>Total</b>	<b>-</b>	<b>407,101</b>	<b>407,101</b>

### **2010**

<b>Classes</b> <b>Categories</b>	<b>Current financial instruments</b>		
	<b>Equity instruments</b>	<b>Loans, derivatives and other</b>	<b>Total</b>
<b>Loans and receivables:</b>			
- Group trade receivables (Note 19)	-	35,514	35,514
- Trade receivables	-	124	124
- Loans to group companies (Note 19)	-	249,782	249,782
- Current financial investments	-	-	-
<b>Total</b>	<b>-</b>	<b>285,420</b>	<b>285,420</b>

Movements in 2011 are as follows:

<b>2011</b> Company or group of companies	Carrying Amount					
	31.12.10	Additions	Capitalization of interest	Disposals	Transfers to long-term (Note 9)	31.12.11
Loans maturing within one year	-	-	-	(300)	70,685	70,385
Long-term loan interest	-	1,596	-	(66)	797	2,327
<b>Current financial investments</b>	-	<b>1,596</b>	-	<b>(366)</b>	<b>71,482</b>	<b>72,712</b>
Impairment	-	(25,000)	-	-	-	(25,000)
<b>Total</b>	-	<b>(23,404)</b>	-	<b>(366)</b>	<b>71,482</b>	<b>47,712</b>

Additions mainly relate to the interest on the loan to Toler Inversiones 2007, S.L. accrued between April and December 2011 (Note 9).

#### **11. Cash and other cash equivalents**

The breakdown of "Cash and Cash Equivalents" in the accompanying balance sheet at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Cash	1,034	6,414
Liquid assets maturing in less than three months	500	-
<b>Total</b>	<b>1,534</b>	<b>6,414</b>

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

## **12. Equity, Capital and reserves**

### ***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 compensation 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 compensation 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 capital increase through a bonus issue, GAMESA was assigned at zero cost 24,678 shares (48,249 shares in 2010) - Note 12.c (of which at 31 December 2011 and 2010 10,275 shares and 18,250 shares, respectively, relate to the Equity swap - see Note 12.c).

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%
<b>Total</b>	<b>100.00%</b>	<b>100.00 %</b>

(\*) 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.

**b) Reserves-**

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

The "Revaluation Reserve" account reflects the net effect of the asset revaluation approved by Regional Law 4/1997, of 7 February, of which GAMESA availed itself. Since the stipulated period for the verification of this reserve has elapsed, it can be used to offset losses, increase capital or set up restricted reserves. In 2011 and 2010 the Company used EUR 268 thousand and EUR 410 thousand, respectively, to increase share capital, pursuant to the resolution adopted by the shareholders at the Annual General Meeting held on 25 May 2011 and 28 May 2010, as described in Note 12.a.

*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.

*Legal reserve-*

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

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses. At 2010 year-end this reserve had not reached the stipulated level.

**c) Treasury shares-**

The detail and movements of the total number of treasury shares and of the heading "Treasury shares" under equity recorded by GAMESA as a result of the transactions performed in 2011 and 2010, are as follows:

	Number of shares	Thousands of euros
<b>Balance at 1 January 2010</b>	<b>2,978,736</b>	<b>(32,310)</b>
Acquisitions	275,764	(2,249)
Allocation of scrip dividend (Note 12.a)	48,249	-
Disposals	(35,000)	371
<b>Balance at 31 December 2010</b>	<b>3,267,749</b>	<b>(34,188)</b>
Acquisitions	1,495,678	(9,098)
Allocation of scrip dividend (Note 12.a)	24,678	-
Disposals	(1,553,679)	15,745
<b>Balance at 31 December 2011</b>	<b>3,234,426</b>	<b>(27,541)</b>

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 disposals of treasury shares gave rise to a loss totalling EUR 5,913 thousand, charging the heading "Equity - Reserves" in the 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 - Reserves" in the balance sheet.

**d) Incentive plans-**

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.

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 2,331 thousand under "Personnel expenses" in the income statement for 2011 for the benefits provided to the company's beneficiaries, crediting the heading "Other reserves" under equity in the accompanying balance sheet at 31 December 2011 (EUR 1,841 thousand in 2010).

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 1,447 thousand under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at 31 December 2011 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries (EUR 1,474 thousand in 2010).

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 4.k, GAMESA recorded 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 886 thousand under "Personnel expenses" in the accompanying income statement for 2010 (Note 18d), crediting the heading "Reserves-Other reserves" under equity at 31 December 2011.

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 870 thousand under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at 31 December 2011 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries.

GAMESA's Stock plan for employees:

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

Through the plan the Company 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.

As is described in Note 4.k, GAMESA recorded 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 39 thousand under "Personnel expenses" in the accompanying income statement for 2010 (Note 18d), crediting the heading "Reserves-Other reserves" under equity at 31 December 2011.

In those cases in which GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 1,063 thousand under the heading "Investments in Group companies and associates-Shareholdings in Group companies and associates" in the accompanying balance sheet at 31 December 2011 (Note 9), crediting the heading "Reserves - Other reserves" under equity, equivalent to the services received and accrued by beneficiaries at subsidiaries.

**13. Provisions and contingencies**

The breakdown of provisions in the balance sheet at 31 December 2011 and 2010, as well as the main movements recorded during the year, is as follows:

**2011**

<b>Long-term provisions</b>	31.12.10	Charge for the Year	31.12.11
Other long-term provisions	465	-	465
<b>Total long-term</b>	<b>465</b>	<b>-</b>	<b>465</b>

<b>Short-term provisions</b>	31.12.10	Charge for the Year	31.12.11
Other short-term provisions	986	17	1,003
<b>Total short-term</b>	<b>986</b>	<b>17</b>	<b>1,003</b>

## **2010**

<b>Long-term provisions</b>	31.12.09	Excess	31.12.10
Other long-term provisions	1,882	(1,417)	465
<b>Total long-term</b>	<b>1,882</b>	<b>(1,417)</b>	<b>465</b>

<b>Short-term provisions</b>	31.12.09	Charge for the Year	31.12.10
Other short-term provisions	914	72	986
<b>Total short-term</b>	<b>914</b>	<b>72</b>	<b>986</b>

The heading "Other long-term provisions" records the provisions deriving from the obligations the Company has with some of its subsidiaries, fundamentally Gamesa Nuevos Desarrollos, S.A. (Note 9).

## **14. Bank borrowings**

At 31 December 2011 and 2010 bank borrowings were as follows:

<b><u>2011</u></b>	Thousands of euros		
	Short-term	Long-term	<b>Total</b>
Equity Swap (Note 12.c)	7,795	-	7,795
Interest payable	47	-	47
<b>Total</b>	<b>7,842</b>	-	<b>7,842</b>

<b>2010</b>	Thousands of euros		
	Short-term	Long-term	<b>Total</b>
Equity Swap (Note 12.c)	13,272	-	13,272
Interest payable	37	-	37
<b>Total</b>	<b>13,309</b>	-	<b>13,309</b>

The breakdown of the total amounts drawn-down and still available at 31 December 2011 and 2010 is as follows (Thousands of euros):

<b>2011</b>	Amount drawn-down	Amount still available	<b>Total</b>
Credit lines	-	10,903	10,903
<b>Total</b>	-	<b>10,903</b>	<b>10,903</b>

<b>2010</b>	Amount drawn-down	Amount still available	<b>Total</b>
Credit lines	-	106,005	106,005
<b>Total</b>	-	<b>106,005</b>	<b>106,005</b>

#### **15. Other financial liabilities**

This heading includes a EUR 761 thousand loan granted by the Ministry of Industry, Tourism and Commerce in 2010 as assistance to encourage competitiveness in strategic and industrial sectors. This loan matures on 30 June 2025 and does not accrue any interest.

The repayment of the loan will consist of 10 instalments in the amount of EUR 76 thousand, after a 5 year grace period, and the first instalment will be due on 30 June 2016.

#### **16. Public institutions and tax situation**

In 2010 the Company relocated its registered office from Álava to Vizcaya and, therefore, there was a change in the applicable tax legislation to Vizcaya tax legislation.

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

- |   |  |
|---|--|
| Gamesa Corporación Tecnológica, S.A. (Sole-Shareholder Company) (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 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 (9 November) which regulates this tax, at its basic level. GAMESA is the Parent of this tax group.

- |   |  |
|---|--|
| Gamesa Corporación Tecnológica, S.A. (Sole-Shareholder 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 Energía Galicia, S.L. (Sole-Shareholder Company)         | Sistemas energéticos Argañoso, S.A. (Sole-Shareholder Company)               |
| Gamesa Energy Transmission, S.A. (Sole-Shareholder Company)     | Sistemas energéticos Tarifa, 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)                |

- Sistemas energéticos Lomas del Reposo, S.A. (Sole-  
Shareholder Company)
- International Windfarm Development IX, S.L. - Shareholder Company)
  - Qgrid Technologies, S.L.

**Current payables to public institutions-**

The breakdown of current taxes and Social Security payable at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
<b>Balances receivable:</b>		
VAT refundable	5,692	13,424
Withholdings refundable and interim payments	113	713
<b>Total</b>	<b>5,805</b>	<b>14,137</b>
<b>Balances payable:</b>		
VAT payable	-	-
Withholdings payable	-	-
Accrued social security taxes refundable	295	220
Sundry taxes payable	774	626
<b>Total</b>	<b>1,069</b>	<b>846</b>

**Reconciliation of reported results and taxable results-**

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

<u>2011</u>	Thousands of euros
<b>Reported profit before taxes</b>	<b>43,644</b>
<i>Plus (less)- Permanent differences</i>	(34)
<i>Plus (less)- Timing differences</i>	
Impairment provisions:	25,000
Other Provisions	911
<b>Individual tax base</b>	<b>69,521</b>
<i>Plus (minus)- Eliminations due to consolidated taxation</i>	
Dividends from Gamesa Energía, S.A. (Sole-Shareholder Company) (Note 19)	(65,000)
<b>Individual tax base contributed to the Group</b>	<b>4,521</b>

<b>2010</b>	Thousands of euros
<b>Reported profit before taxes</b>	<b>63,565</b>
<i>Plus (less)– Timing differences</i>	
Excess provision in the long-term	(1,417)
<b>Individual tax base</b>	<b>62,148</b>
<i>Plus (minus)– Eliminations due to consolidated taxation</i>	
Dividends from Gamesa Energía, S.A. (Sole-Shareholder Company) (Note 19)	(60,000)
<b>Individual tax base contributed to the Group</b>	<b>2,148</b>

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

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

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

	Thousands of euros	
	2011	2010
Reported profit before taxes	43,644	63,565
Impact of permanent differences	(65,034)	(60,000)
<b>Tax payable at 28%</b>	<b>(5,989)</b>	<b>998</b>
Deductions generated	(146)	(145)
Adjustment of interim taxes paid, tax-loss carryforwards yet to be applied and deductions applied in prior years	(7,906)	5,163
<b>Total corporate income tax expense/(income)</b>	<b>(14,041)</b>	<b>6,016</b>

As a result of the definitive presentation of the 2010 corporate tax return for the tax group, in 2011 the Company recognised income totalling EUR 7,906 thousand as a result, fundamentally, of the adjustment of deductions applied when estimating the initial corporate income tax base for 2010. This adjustment did not give rise to any change in the corporate income tax payable at the end of 2010.

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

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

	Thousands of euros	
	2011	2010
<b>Current tax:</b>		
On continuing operations	-	-
<b>Deferred tax:</b>		
On continuing operations	(14,041)	6,016
<b>Total corporate income tax expense/(income)</b>	<b>(14,041)</b>	<b>6,016</b>

**Deferred tax assets recognised-**

The breakdown at 31 December 2011 and 2010 and movements in this account during the year are as follows:

<b>2011</b>	Thousands of euros			
	31.12.10	Additions	Applications	31.12.11
Deferred tax assets	260	7,168	-	7,428
Available tax-loss carryforwards pending application	-	2,533	(1,266)	1,267
Deductions capitalised by the tax group	22,805	8,948	(6,506)	25,247
<b>Total deferred tax assets</b>	<b>23,065</b>	<b>18,649</b>	<b>(7,772)</b>	<b>33,942</b>

<b>2010</b>	Thousands of euros			
	31.12.09	Additions	Applications	31.12.10
Deferred tax assets	544	112	(396)	260
Deductions capitalised by the tax group	32,093	1,259	(10,547)	22,805
<b>Total deferred tax assets</b>	<b>32,637</b>	<b>1,371</b>	<b>(10,943)</b>	<b>23,065</b>

Tax-loss carryforwards and deductions available for application by the Company may be offset in subsequent years without any deadline.

At 31 December 2011 the parent company has tax credits totalling EUR 4,386 thousand yet to be applied that were generated before entering into the tax consolidation special system (2010: EUR 4,386 thousand). To the extent that these items concern tax credits generated before entering onto the tax consolidation system, they are only be applied against individual future tax bases generated by GAMESA. Given its activities, and in accordance with the prudence principle, GAMESA has not capitalised the tax

effect of these tax credits, which will be recognised as a reduction in corporate income tax expense in the years in which they are effectively applied.

Due to its position as the parent of the tax group, GAMESA records the capitalised deductions pending application on 31 December 2011 under the heading "Deductions capitalised by the tax group". These items were generated by the companies in its tax group this year and in prior years and they have been capitalised because there are no reasonable doubts that they will be effectively applied in future years and are recognised in accounts payable to those companies (Note 19).

As a result of the corporate income tax expense estimates made by members of the tax group and the deductions and tax credits recognised, GAMESA, as the parent of the tax group, has recorded a reduction in the existing account payable to group companies by EUR 3,164 thousand in 2011 (2010: reduction in the existing account payable to group companies by EUR 5,841 thousand) (Note 19).

**Recognised deferred tax liabilities-**

Details of this account (no movements in 2011 and 2010) are as follows:

2010

	Thousands of euros	
	31.12.11	31.12.10
Provisions reversed	6,985	6,985
Total deferred tax liabilities	6,985	6,985

**Years open to inspection and tax audit action**

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing. At 2011 year-end, in Spain the Group had all years since 2007 open for review for corporate income tax and all years since 2008 for the other taxes to which it is liable. The Company's Directors consider that all tax returns have been properly prepared and therefore should there be any dispute regarding the interpretation of current legislation with respect to the tax treatment of operations, any liabilities that may arise will not significantly affect the accompanying financial statements.

Current legislation applicable to corporate income tax returns in 2011 and 2010 stipulates, among other things, a general tax rate of 28%. This legislation has been challenged and the outcome of the legislation is still pending.

**17. Guarantees to third parties**

In 2011 and 2010, GAMESA provided guarantees to its Chinese subsidiaries (indirectly wholly owned) Gamesa Blade Tianjin Co. Ltd., Gamesa Wind Beijing Co. Ltd. and Gamesa Wind Tianjin Co. Ltd. up to a maximum of RMB 100 million.

In addition, during 2011 and 2010 it provided a guarantee to its US subsidiary Gamesa Technology Corporation, Inc. (Note 9) to obtain lines of credit and guarantees up to a maximum of USD 360 million and EUR 345 million, as well as its US subsidiary Gamesa Wind, LLC (indirectly wholly owned by the Company) to enter into factoring contracts up to a maximum of EUR 465 million.

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

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

## **18. Operating income and expenses**

### **a) Revenue -**

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

	%	
	2011	2010
Domestic	100.00%	100.00%
OECD countries	0.00%	0.00%
Other countries	0.00%	0.00%
	100.00%	100.00%

### **b) Other operating, accessory and other ordinary revenues**

The heading "Other operating income - Accessory and other current revenues" in the accompanying 2011 income statement records EUR 37,282 thousand (EUR 32,548 thousand in 2010) fundamentally relates to services at market value rendered by Company management to other group companies for advisory, assistance and support services rendered to management and other departments, consisting of the monitoring of the business objectives set by the Company (Note 19).

### **c) Other operating expenses**

The breakdown of the heading "Other operating expenses" in the income statements for 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Advertising, publicity and public relations	203,950	201,874
Utilities	1	4
Other services and royalties (Note 8)	4,407	3,286
Repairs and maintenance	1,625	1,298
<b>Total other operating expenses</b>	<b>22,361</b>	<b>20,009</b>
Transport costs	7	4
Insurance premiums	394	363
Bank commissions	175	430

The account "Independent professional services" mainly includes EUR 4,166 thousand (EUR 2,629 thousand in 2010) for strategic consulting, EUR 3,795 thousand (EUR 2,039 thousand in 2010) for legal advisory services and EUR 2,135 thousand for external advisory services relating to new wind turbine model components (EUR 2,757 thousand in 2010).

**d) Staff costs-**

The breakdown of the heading "Staff costs" in the accompanying income statements for 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Wages and salaries	11,407	11,925
Objective-based compensation	3,006	1,362
Incentive plan	3,256	1,841
Termination benefits (Note 4.i)	635	922
Employee benefit costs	1,649	1,477
Other welfare expenses:	1,780	1,426
<b>Total personnel costs</b>	<b>21,733</b>	<b>18,953</b>

The amount under "Objective based compensation" relates to the amount accruing in 2011 and 2010 to Company executives and employees based on the extent to which the objectives set in those years were met.

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

**2011**

Professional Category	Average No. of Employees		
	Men	Women	Total
Executives	35	6	<b>41</b>
Employees	39	73	<b>112</b>
<b>Total</b>	<b>74</b>	<b>79</b>	<b>153</b>

**2010**

Professional Category	Average No. of Employees		
	Men	Women	Total
Executives	28	7	<b>35</b>
Employees	42	64	<b>106</b>
<b>Total</b>	<b>70</b>	<b>71</b>	<b>141</b>

At 31 December 2011 the Company had 163 employees (140 at 31 December 2010), as follows:

**2011**

Professional Category	No. of Employees		
	Men	Women	Total
Executives	37	6	<b>43</b>
Employees	42	78	<b>120</b>
<b>Total</b>	<b>79</b>	<b>84</b>	<b>163</b>

**2010**

Professional Category	No. of Employees		
	Men	Women	Total
Executives	29	7	<b>36</b>
Employees	39	65	<b>104</b>
<b>Total</b>	<b>68</b>	<b>72</b>	<b>140</b>

**19. Transactions and balances with related parties**

The balances maintained with group companies and related parties at 31 December 2011 and 2010, and operations carried out with them during the years then ended, are summarised below:

2011	Thousands of euros										
	Current receivables				Current payables				Other operating revenue (Note 16.a)	Revenue	Financial expenses
	Receivables for various services	Short-term loans to Group companies	VAT receivables (Nota 14)	Income tax receivables (Nota 14)	VAT payables (Nota 14)	Income tax payables (Nota 14)	Accounts payable	Current borrowings from Group companies			
<b>Group companies, jointly controlled entities and associates-</b>											
Cametor, S.L.	-	-	199	407	-	-	-	(7.246)	-	-	223
Gamesa Eólica, S.L.U.	16.544	85.196	-	-	-	(39)	-	(1.826)	(18.215)	(1.697)	-
Gamesa Energía, S.A.U.	1.207	184.265	-	-	(6.535)	(30.005)	-	-	(5.225)	(70.223)	-
Gamesa Technology Corporation, Inc.	8.632	-	-	-	-	-	-	(335)	(5.692)	-	-
Gamesa Energy USA, Inc.	10	-	-	-	-	-	-	-	(3)	-	-
Gamesa Wind Turbines Pvt, Lda.	5.638	-	-	-	-	-	-	-	(3.653)	-	-
Gamesa Electric, S.A.	-	-	844	632	-	-	-	-	-	-	-
Cantarey Reinosa, S.A.	2	-	-	-	-	-	-	-	-	-	-
Especial Gear Transmision, S.A.	-	-	2.769	-	-	(572)	-	-	-	-	-
Gamesa Wind Tianjin Co. Ltd.	8.454	-	-	-	-	-	-	-	(4.484)	-	-
QGrid Technologies, S.L.	-	-	-	-	(9)	-	-	-	(7)	-	-
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	-	-	-	(1.218)	-	-	-	-	-
Gamesa Nuevos Desarrollos, S.A.	-	6.427	69	-	-	(290)	-	-	-	(114)	-
Gamesa Innovation and Technology, S.L.U.	-	93	-	-	-	-	-	(714)	-	-	-
Gamesa Energy Transmission, S.A.	-	-	16.141	21.729	-	-	-	-	-	-	-
Gamesa Energie France, E.U.R.L.	1	-	-	-	-	-	-	-	(1)	-	-
Gamesa Energía Portugal, S.A.	-	-	-	-	-	-	-	(2.996)	-	-	-

2011	Thousands of euros										
	Current receivables				Current payables				Other operating revenue (Note 16.a)	Revenue	Financial expenses
	Receivables for various services	Short-term loans to Group companies	VAT receivables (Nota 14)	Income tax receivables (Nota 14)	VAT payables (Nota 14)	Income tax payables (Nota 14)	Accounts payable	Current borrowings from Group companies			
S.E. Jaralon, S.A.	-	-	-	-	-	(106)	-	-	-	-	-
S.E. Fonseca, S.A.	-	-	-	-	(157)	(27)	-	-	-	-	-
Compass Transworld Logistics, S.A.	-	-	-	-	-	-	-	-	-	(427)	-
S.E. Sierra de Lourenza, S.A.	-	-	-	-	(83)	(4)	-	-	-	-	-
Unipersonal	-	-	-	-	-	-	-	-	-	-	-
Otros	6	-	19	-	(4)	(286)	-	-	(2)	-	-
<b>Total balances with group and associate companies</b>	<b>40.494</b>	<b>275.981</b>	<b>20.041</b>	<b>22.768</b>	<b>(6.788)</b>	<b>(32.547)</b>	<b>-</b>	<b>(11.264)</b>	<b>(37.282)</b>	<b>(72.461)</b>	<b>223</b>
<b>Related companies-</b>	-	-	-	-	-	-	-	-	-	-	-
Iberdrola, S.A. (Note 10)	-	-	-	-	-	-	(314)	-	-	-	-
S.E. Conesa II, S.A.	-	-	-	-	(2.214)	-	-	-	-	-	-
S.E. Savalla del Comptat, S.A.	-	-	-	-	(2.806)	(5)	-	-	-	-	-
S.E. Los Lirios, S.A.	-	-	-	-	(4.458)	-	-	-	-	-	-
S.E. Alto de la Abad, S.A.	-	-	-	-	(5.769)	(1)	-	-	-	-	-
Otras sociedades vinculadas	-	-	-	-	(80)	-	-	-	-	-	-
<b>Total balances with related companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15.327)</b>	<b>(6)</b>	<b>(314)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>2010</b>	Thousands of euros							
	Current receivables		Current payables			Other operating revenue	Revenue	Financial expenses
	Receivables for various services	Short-term loans to Group companies	Income tax and VAT payable	Accounts payable	Current borrowings from Group companies			
<b>Group companies, jointly controlled entities and associates-</b>								
Cametor, S.L.	20.289	-	423	-	(6.613)	-	-	210
Gamesa Eólica Brasil Ltda.	-	-	-	-	-	-	-	-
Gamesa Eólica, S.L.U.	-	83.499	(39)	(1.138)	(702)	(17.207)	(1.668)	-
Gamesa Energía, S.A.U.	2.274	164.043	(36.935)	(1)	(7.232)	(4.416)	(63.295)	-
Cantarey Reinoso, S.A.U.	-	-	-	-	-	-	-	-
Gamesa Technology Corporation, Inc.	4.978	-	-	-	-	(4.963)	-	-
Gamesa Energy USA, Inc.	7	-	-	-	-	-	-	-
Gamesa Wind Turbines Pvt, Lda.	1.984	-	-	-	-	(1.985)	-	-
Gamesa Electric, S.A.	-	-	1.072	-	-	-	-	-
S.E. Almodóvar del Río, S.L.U	-	-	-	-	-	-	(904)	-
Cantarey Reinoso, S.A.	2	-	-	-	-	-	-	-
Especial Gear Transmission, S.A.	-	-	1.282	-	-	-	-	-
Gamesa Wind Tianjin Co. Ltd.	3.971	-	-	-	-	(3.971)	-	-
QGrid Technologies, S.L.	7	-	-	-	-	(6)	-	-
Gamesa Inversiones Energéticas Renovables, S.C.R.	-	-	(603)	-	-	-	-	-
Gamesa Nuevos Desarrollos, S.A.	-	2.230	(251)	-	-	-	(51)	-
Gamesa Innovation and Technology, S.L.U.	-	10	-	(777)	10	-	-	-
Green Energy Transmission, S.A.	2	-	26.388	-	-	-	-	-

<b>2010</b>	Thousands of euros							
	Current receivables		Current payables			Other operating revenue	Revenue	Financial expenses
	Receivables for various services	Short-term loans to Group companies	Income tax and VAT payable	Accounts payable	Current borrowings from Group companies			
S.E. La Balazote, S.A.	-	-	(6)	-	-	-	-	-
S.E. Jaralon, S.A.	-	-	(83)	-	-	-	-	-
Green Field Wind Farm, LLC	-	-	(3)	-	-	-	-	-
S.E. Fonseca, S.A.	-	-	(45)	-	-	-	-	-
S.E. Alto do Seixal, S.A.	-	-	(2.381)	-	-	-	-	-
Compass Transworld Logistics, S.A.	-	-	-	-	-	-	(414)	-
Otros	-	-	350	-	-	-	-	-
<b>Related companies-</b>								
Iberdrola, S.A. (Note 10)	-	-	-	(197)	-	-	-	-
S.E. Las Cabezas, S.A.	-	-	(283)	-	-	-	-	-
S.E. La Gomera, S.A.	-	-	(1.597)	-	-	-	-	-
S.E. La Retuerta, S.A.	-	-	(747)	-	-	-	-	-
S.E. La Tallisca, S.A.	-	-	(612)	-	-	-	-	-
S.E. El Centenar, S.A.	-	-	(4.530)	-	-	-	-	-
S.E. Majal Alto, S.A.	-	-	(5.746)	-	-	-	-	-
S.E. El Saucito, S.A.	-	-	(2.972)	-	-	-	-	-
S.E. Valdefuentes, S.A.	-	-	(179)	-	-	-	-	-
S.E. Conesa II, S.A.	-	-	(2.215)	-	-	-	-	-
S.E. Savalla del Comptat, S.A.	-	-	(2.810)	-	-	-	-	-
S.E. Los Lirios, S.A.	-	-	(4.458)	-	-	-	-	-
S.E. Alto de la Abad, S.A.	-	-	(5.770)	-	-	-	-	-
	<b>33.514</b>	<b>249.782</b>	<b>(42.750)</b>	<b>(2.113)</b>	<b>(14.537)</b>	<b>(32.548)</b>	<b>(66.332)</b>	<b>210</b>

*Dividends from Gamesa Energía, S.A. (Sole-Shareholder Company)*

On 27 December 2011 the Company, as the Sole Shareholder of Gamesa Energía, S.A. took a decision to distribute a dividend totalling EUR 65,000 thousand (EUR 60,000 thousand 2010), that had not been paid at 31 December 2011, and the account payable is recorded under the heading "Short-term investments in group companies and associates - Current loans to group companies" in the accompanying balance sheet at 31 December 2011.

This heading also records the dividend approved in 2010 and the interest accrued to the Company at Euribor plus a market spread, totalling EUR 5,223 thousand (EUR 3,295 thousand in 2010) recorded under the heading "Revenues - Interest on loans granted to group companies and associates" in the income statement for 2011.

*Financing agreements between GAMESA Group companies*

In 2002 Gamesa Corporación Tecnológica, S.A. concluded a loan agreement with Gamesa Eólica, S.L. (Sole-Shareholder Company). This loan accrues 2% interest per year and it will be repaid after the financial debt recorded by Gamesa Eólica, S.L. (Sole-Shareholder Company) has been repaid. The amount granted at 31 December 2011 totalled EUR 85,196 thousand (EUR 83,499 thousand at 31 December 2010) and in 2011 interest totalling EUR 1,697 thousand accrued (EUR 1,668 thousand in 2010) recorded under the heading "Revenue - Interest on loans granted to group companies and associates" in the accompanying income statement for 2011.

After the agreement reached with Gamesa Eólica, S.L. (Sole-Shareholder Company), this interest is capitalised and will be repaid together with the principal amount at maturity.

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

On 25 June 2007 GAMESA (through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company) subscribed a tower section supply agreement with Windar Renovables, S.L. At the date these financial statements were prepared, GAMESA and Windar Renovables, S.L. are negotiating the new terms of the supply agreement, without this affecting the normal course of their business transactions.

*Strategic agreement with Iberdrola Renovables, S.A.*

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.

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.

*Other agreements in force between GAMESA Group and Iberdrola Group*

Generation Segment:

On 26 October 2005, GAMESA 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.

Manufacturing Segment:

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. On 21 December 2011, an agreement was reached to terminate the aforementioned framework agreement early and a new contract was concluded that specifies that Iberdrola will acquire from Gamesa Eólica, S.L. (Sole-Shareholder Company) a minimum MW quota of 50% of the total on-shore wind turbine fleet that Iberdrola will acquire in the market between 1 January 2013 and 31 December 2022. The limit of this agreement is 3,800 MW, under a 3,800 MW supply agreement.

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

In 2011 the directors of GAMESA earned attendance fees, wages and salaries and other income amounting to approximately EUR 3,268 thousand (2009: EUR 3,037 thousand). The detail of the aforementioned amount is as follows:

	Thousands of euros	
	31.12.11	31.12.10
<b>Directors -</b>		
<b>Type of compensation -</b>		
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	-	-
	<b>3,273</b>	<b>3,006</b>
<b>Other benefits -</b>		
Prepayments	-	-
Loans granted	-	-
Pension funds and plans: Contributions	-	-
Pension funds and plans: Contractual obligations	-	-
Life insurance premiums	37	31
Guarantees given for directors	-	-
	<b>3,310</b>	<b>3,037</b>

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 compensation, by type of director, is as follows:

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

At 31 December 2011, the members of the Board of Directors consist of eight men and two women. At 31 December 2010, the members of the Board of Directors consist of nine men and one woman.

The compensation (salary, compensation in kind, social security contributions, etc.) relating to Company senior management, excluding those who are simultaneously members of the Board of Directors (whose compensation is detailed above) amounted to EUR 4,378 thousand in 2011 (2010:EUR 8,109 thousand).

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

No advances or loans were granted to members of the Company's senior management.

In 2010 the directors of GAMESA modified the definition of senior management as a result of the adaptation to the new organisational and functional structure, increasing the number of persons in this category.

**Information regarding conflicts of interest affecting Directors-**

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.

## **20. Other information**

### **a) *Audit fees***

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
<b>Total audit and related services</b>	<b>1,158</b>	<b>101</b>
Tax counselling services	-	418
Other services	35	1,711
<b>Total services other companies in the network</b>	<b>35</b>	<b>2,129</b>
<b>Total professional services</b>	<b>1,193</b>	<b>2,230</b>

Of the amount relating to the services rendered by the main auditor, EUR 251 thousand related to audit services provided to Gamesa Corporación Tecnológica, S.A.

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

Of the amount relating to the services rendered by the main auditor, EUR 455 thousand related to audit services and EUR 7 thousand related to other verification services provided to Gamesa Corporación Tecnológica, S.A.

**b) Financial structure**

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

At 31 December 2011, and as is shown in the consolidated financial statements for GAMESA Group (prepared in accordance with International Financial Reporting Standards approved by the European Union), the Group's equity amounts to EUR 1,692,098 thousand (EUR 1,628,702 thousand at 31 December 2010) and gross financial debt totals EUR 1,349,651 thousand (EUR 814,204 thousand from continued activities at 31 December 2010).

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.

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

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

	<b>Payments made and pending payment as the balance sheet closing date</b>	
	<b>2011</b>	
	<b>euro</b>	<b>%</b>
Payments during the year within the maximum legal limit	19,866	74
Other	7,062	26
<b>Total payments during the year</b>	<b>26,928</b>	<b>100</b>
<b>Average excess payment period (days)</b>	<b>17</b>	
<b>Balance pending payment at the year-end that exceeds the maximum legal limit</b>	<b>2,595</b>	

In relation to the disclosures required by Additional Provision Three of Law 15/2010, at 31 December 2010, EUR 1,086 thousand of the balance payable to suppliers were past due by more than the maximum payment period.

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

The maximum payment deadline applicable to the Company in accordance with Law 3/2004 (29 December), which establishes measures to fight against delayed payments for commercial transactions and in accordance with the transitional provisions established by Law 15/2010 (5 July) is 85 days between the date the Law entered into force and until 31 December 2011.

**21. Events subsequent to year-end**

There are no significant events that took place after the year end that have not been disclosed in the 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
<b>FULLY CONSOLIDATED COMPANIES</b>							
<b>A) GAMESA ENERGÍA GROUP</b>							
Gamesa Energía, S.A. Sole-Shareholder Company	Development of windfarms	PWC	Vizcaya	100%	35,491	399,272	(22,831)
<b>A.1 Wind farms</b>							
<b>• Development of wind farms</b>							
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)
<b>• Operation of wind farms</b>							
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´ Atlandia	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	-	Sweedeen	80%	273	3,656	(33)
Innovación Eólica de Salamanca S.L. (*)	Electricity production	-	Burgos	78%	6	17	(24)
<b>A.2 Manufacture of WTGSs</b>							
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 Reinoso, 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	Sweedeen	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>B) GAMESA NUEVOS DESARROLLOS GROUP</b>							
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
<b>C) GAMESA TECHNOLOGY CORPORATION GROUP</b>							
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%	-	-	-
<b>D) OTHER</b>							
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
<b>PROPORTIONATELY CONSOLIDATED COMPANIES</b>							
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)
<b>COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD</b>							
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 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 68 sheets of unstamped paper, on the obverse only, and the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, for authentication purposes, bear my signature and that of the Chairman of the Board of Directors.

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

\_\_\_\_\_  
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

Approval of the Chairman

Zamudio, 22 February 2012 In witness whereof

\_\_\_\_\_  
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 Tecnológica<sup>1</sup> ends 2011 with Wind Turbine sales volume totalling<sup>2</sup> 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 MW<sup>3</sup>. 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 figures<sup>2</sup> 2011

- **MWe sold:** 2,802 (+16% a/a)
- **EBIT Margin:** 4.0%
- **Order portfolio<sup>3</sup>:** 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 portfolio<sup>3</sup> 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 Energía<sup>4</sup>** 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 Division<sup>2</sup> 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**.

<sup>1</sup> 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.

<sup>2</sup> Wind Turbines & Holding Company.

<sup>3</sup> Firm orders and confirmation of framework agreements for deliveries in 2012-2013

<sup>4</sup> 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 MW<sup>5</sup> 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.

---

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

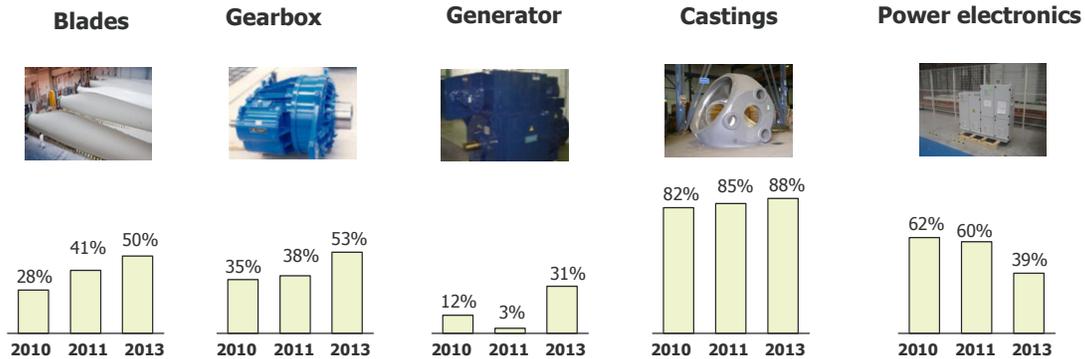
# ACTIVITY REPORT

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 MW<sup>6</sup> 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.**

<sup>6</sup> 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
<b>MW Delivered to customers</b>	<b>2,685</b>	<b>3,092</b>	15%	Transfer of ownership to customers, at the Farm or factory. Invoiced.
<b>+ Change of MWe Available ExWorks</b>	<b>-142</b>	<b>-787</b>	N.A.	Change in the inventory of Wind Turbines available for delivery to customers. Invoiced Exworks.
<b>+ Change in MWe Extent of Completion</b>	<b>-138</b>	<b>497</b>	N.A.	Change in the inventory of Wind Turbines not available for delivery to customers. Not Invoiced.
<b>MWe sold</b>	<b>2,405</b>	<b>2,802</b>	+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%
<b>TOTAL</b>	<b>2,405</b>		<b>2,802</b>	

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
<b>Sales</b>	2,623	2,875	+10%	865
<b>EBITDA</b>	338	340	+1%	101
EBITDA / Sales (%)	12.9%	11.8%		11.7%
<b>EBIT</b>	127	116	-9%	19
EBIT / Sales (%)	4.9%	4.0%		2.2%
<b>Net profit</b>	64	61	-4%	6
Net profit / Sales (%)	2.4%	2.1%		0.7%
<b>Working Capital</b>	-27	701		701
% Sales	-1%	24%	+25 pp	24%
<b>NFD</b>	-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
<b>Sales</b>	432	534	24%	300
<b>EBIT</b>	0	26	N.A.	17
<b>Net profit</b>	-5	1	N.A.	2
<b>NFD</b>	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 <sup>(1)</sup>	2011 <sup>(1)</sup>	% Change	4Q 2011 <sup>(1)</sup>
<b>Sales</b>	2,764	3,033	+10%	1,018
<b>EBITDA</b>	328	364	+11%	141
EBITDA / Sales (%)	11.9%	12.0%		13.9%
<b>EBIT</b>	119	131	+10%	49
EBIT / Sales (%)	4.3%	4.3%		4.8%
<b>Net profit</b>	50	51	+2%	22
<b>NFD</b>	-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

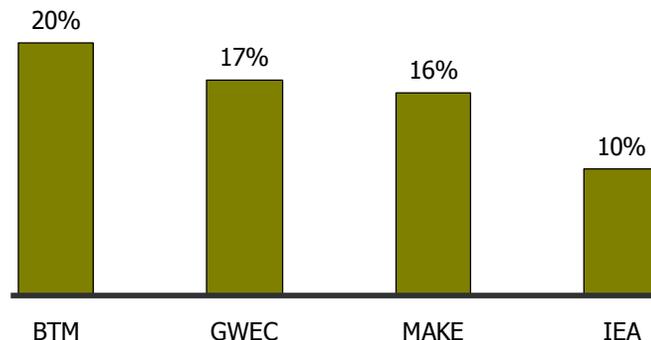
**The weakness of the world economy and doubts regarding the sustainability of debt levels in the United States and Europe are having a negative impact on the development of demand for wind energy over the short-term.**

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**

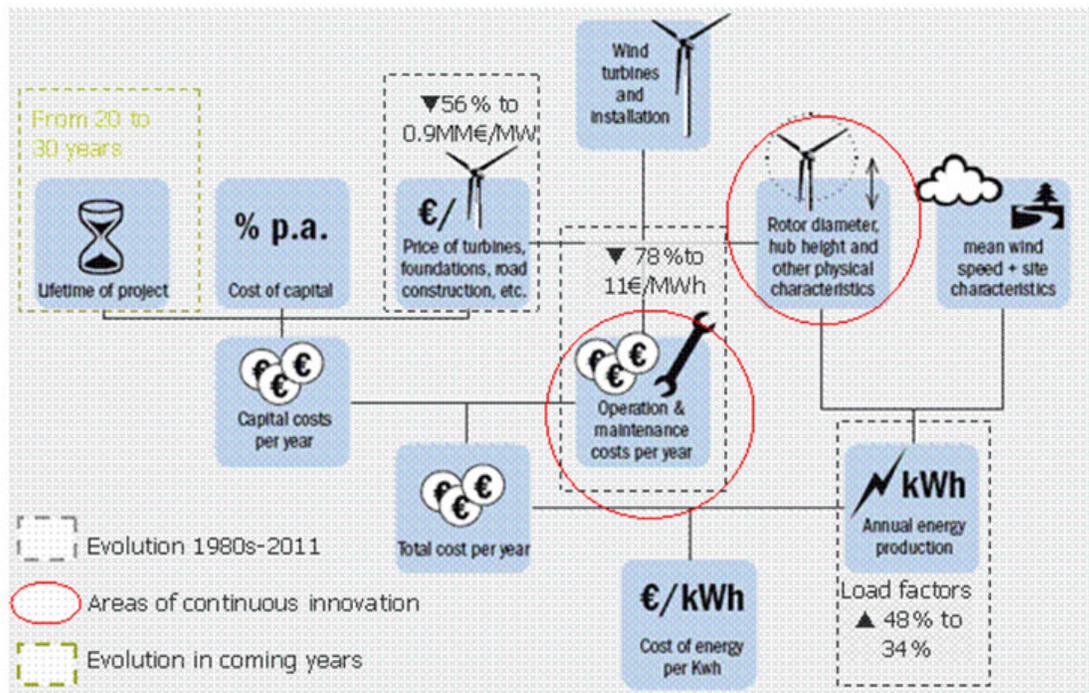


In accordance with the studies carried out by the Intergovernmental panel on climate change (IPCC) at the UN, **the contribution of renewable energies to worldwide energy supplies in 2050 will double to 27% from the current 13%**. Furthermore, compliance with the agreements reached at the Cancun Climate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

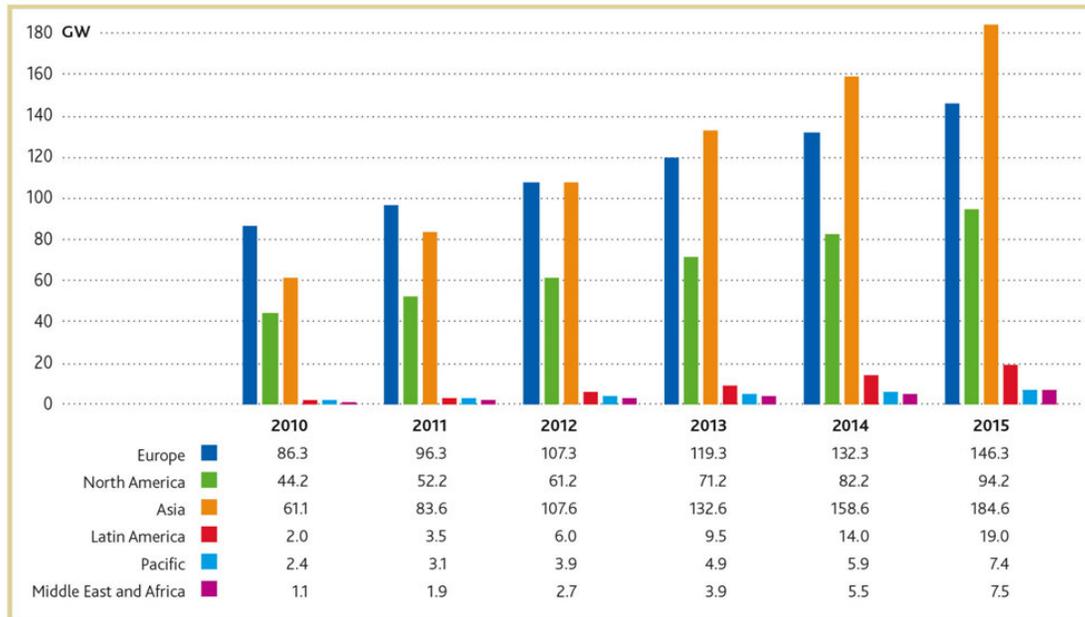


Source: The Economics of Wind Energy, EWEA Report 2009; Bloomberg New Energy Finance

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 <sup>(2)</sup>
<b>Wind Farms</b>				
MW delivered <sup>(3)</sup>	c.400	177	✓ <sup>(1)</sup>	c.400
EBIT (MMEUR)	c.20	26	✓	c.0
Net debt (EUR m)	c.500	438	✓	c.250
<b>Group</b>				
NFD/EBITDA	<2x	2.0x	✓	<2.5x
FCF				<b>Breakeven</b>

(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:**

<b>Date of last modification</b>	<b>Share capital (€)</b>	<b>Number of shares</b>	<b>Number of voting rights</b>
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**

<b>Class</b>	<b>Number of shares</b>	<b>Par Value</b>	<b>Number of voting rights</b>	<b>Other rights</b>

**A.2 Provide details of direct and indirect holders of significant shareholdings in your company at the end of the financial year, excluding directors:**

<b>Name or trade name of significant shareholder</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights (*)</b>	<b>% of total voting rights</b>
BLACKROCK, INC.	0	12,258,161	4.957

**(\*) Through:**

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

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

<b>Shareholder's name or trade name</b>	<b>Date of operation</b>	<b>Description of operation</b>
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:**

<b>Name or trade name of the director</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights (*)</b>	<b>% of total voting rights</b>
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:

<b>Name or trade name of direct holder of shares</b>	<b>Number of direct voting rights</b>	<b>% of total voting rights</b>
RETOS OPERATIVOS XXI, S.L.	134,132	0.054 %

<b>% of voting rights in the hands of the Board of Directors</b>	19.677 %
--	----------

Complete the following tables on the members of the Company's Board of Directors holding stock option rights in the Company:

<b>Name or trade name of the director</b>	<b>Number of direct stock option rights</b>	<b>Number of indirect stock option rights</b>	<b>Number of equivalent shares</b>	<b>% of total voting rights</b>

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:**

<b>Name or trade name of related shareholders</b>	<b>Type of relationship</b>	<b>Brief description</b>

**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:**

<b>Name or trade name of related shareholders</b>	<b>Type of relationship</b>	<b>Brief description</b>
<b>IBERDROLA, S.A.</b>	<b>CONTRACTUAL</b>	<b>SEE SECTION C.3</b>

**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:**

<b>Number of shares held directly</b>	<b>Number of shares held indirectly (*)</b>	<b>% total of share capital</b>
2,001,403	1,233,023	1.308 %

**(\*) Through:**

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

Provide details of any significant changes that have taken place during the financial year pursuant to Royal Decree 1362/2007:

<b>Date of disclosure</b>	<b>Total number of direct shares acquired</b>	<b>Total number of indirect shares acquired</b>	<b>% total of share capital</b>
07/26/2011	0	1,222,748	0.494

<b>Gains / (Losses) on treasury stock divested during the period</b>	<b>- 5,913</b>
--	----------------

**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 29<sup>th</sup> 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**

<b>Maximum percentage of voting rights that a shareholder may exercise due to legal constraints</b>	
---	--

State whether there are any bylaw constraints on exercising voting rights.

**Yes       No**

<b>Maximum percentage of voting rights that a shareholder may exercise due to bylaw constraints</b>	
---	--

<b>Description of legal and bylaw constraints on exercising voting rights</b>

<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

<b>Describe any legal constraints on the acquisition or transfer of shareholdings</b>

**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:**

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	3

#### **B.1.2 Complete the following table with details on the Board Members:**

<b>Name or trade name of the director</b>	<b>Represented by</b>	<b>Office in the Board</b>	<b>Date of first appointment</b>	<b>Date of last appointment</b>	<b>Procedure of appointment</b>
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
<b>Total Number of Directors</b>					<b>10</b>

State the directors who left the Board of Directors during the period:

<b>Name or trade name of director</b>	<b>Status of director at the moment of relinquishing office</b>	<b>Date of leaving office</b>
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**

<b>Director's name or trade name</b>	<b>Committee that proposed his/her appointment</b>	<b>Office held in the company's organization chart</b>
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

<b>Total number of executive directors</b>	2
<b>% total of the Board</b>	20%

**NON-EXECUTIVE DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDERS**

<b>Director's name or trade name</b>	<b>Committee that proposed his/her appointment</b>	<b>Name or trade name of the significant shareholder he/she represents or has put forward his/her appointment</b>
Rubio Reinoso, Sonsoles	Appointments and Remuneration Committee	IBERDROLA, S.A.
IBERDROLA, S.A.	Appointments and Remuneration Committee	IBERDROLA, S.A.

<b>Total number of directors representing significant shareholders</b>	2
<b>% total of the Board</b>	20%

**NON-EXECUTIVE INDEPENDENT DIRECTORS**

<b>Name or trade of director</b>	<b>Background</b>
<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 &amp; 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>
--	---

<b>Total number of independent directors</b>	4
<b>% total of the Board</b>	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

<b>Total number of other external directors</b>	2
<b>% total of the Board</b>	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><b><i>"Article 7.- Requirements for becoming a Board Member</i></b></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:**

	<b>Yes</b>	<b>No</b>
<b>The investment and financing policy</b>	X	
<b>Defining the group of companies' structure</b>	X	
<b>The corporate governance policy</b>	X	
<b>The corporate social responsibility policy</b>	X	
<b>The strategic or business plan, as well as annual management targets and budget</b>	X	
<b>The senior management remuneration and performance assessment policy</b>	X	
<b>The risk control and management policy, as well as the regular monitoring of internal information and control systems</b>	X	
<b>The dividend policy, as well as the treasury stock policy and, in particular, its constraints.</b>	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:**

<b>Remuneration item</b>	<b>Figure in thousands euros</b>
<b>Fixed remuneration</b>	1,969
<b>Variable remuneration</b>	848
<b>Allowances</b>	321
<b>Bylaw items</b>	135
<b>Stock options and/or other financial instruments</b>	
<b>Others</b>	
<b>TOTAL:</b>	

<b>Other Benefits</b>	<b>Figure in thousands euros</b>
<b>Advances</b>	
<b>Loans granted</b>	
<b>Pension Schemes and Funds: Contributions</b>	
<b>Pension Schemes and Funds: Liabilities contracted</b>	
<b>Life insurance premiums</b>	37
<b>Guarantees extended by the company to directors</b>	

**b) Remuneration earned by the company's directors from other boards of directors and/or as senior executives of group companies:**

<b>Remuneration item</b>	<b>Figure in thousands euros</b>
<b>Fixed remuneration</b>	
<b>Variable remuneration</b>	
<b>Allowances</b>	
<b>Bylaw items</b>	
<b>Stock options and/or other financial instruments</b>	
<b>Others</b>	
<b>TOTAL:</b>	

<b>Other Benefits</b>	<b>Figure in thousands euros</b>
<b>Advances</b>	
<b>Loans granted</b>	
<b>Pension Schemes and Funds: Contributions</b>	
<b>Pension Schemes and Funds: Liabilities contracted</b>	
<b>Life insurance premiums</b>	
<b>Guarantees extended by the company to directors</b>	

**c) Total remuneration by type of director:**

<b>Type of director</b>	<b>From company</b>	<b>From group</b>
<b>Executive directors</b>	1,999	
<b>Non-executive directors representing significant shareholders</b>	242	
<b>Non-executive independent directors</b>	753	
<b>Other non-executive external directors</b>	316	
<b>Total</b>	<b>3,310</b>	

**d) Remuneration in relation to profits attributed to the parent company:**

<b>Directors' total remuneration (in thousands euros)</b>	3,310
<b>Total directors' remuneration/profits attributed to parent company (expressed in %)</b>	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:**

<b>Name or trade name</b>	<b>Office</b>
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

<b>Total senior management remuneration (in thousands euros)</b>	<b>4,378</b>
--	--------------

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:**

<b>Number of beneficiaries</b>	<b>8</b>
--------------------------------	----------

	<b>Board of Directors</b>	<b>General Shareholders' Meeting</b>
<b>Body authorizing the clauses</b>	X	

	<b>YES</b>	<b>NO</b>
<b>Is the General Shareholders' meeting informed about the clauses?</b>	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.**

<b>Process for setting the remuneration of members of the Board of Directors and the Bylaw clauses</b>
<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"> <li>- Article 46 of the Bylaws</li> <li>- Article 31 of the Board of Directors Regulation</li> </ul> <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
<b>At the proposal of the company's chief executive, appointing and relieving senior managers of office, along with their compensation clauses.</b>	X	
<b>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.</b>	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
<b>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>	X	
<b>Variable remuneration items</b>	X	
<b>Main features of social welfare schemes, along with an estimation of their amount or annual equivalent cost</b>	X	
<b>Conditions which the contracts of any individuals performing senior management functions as executive directors must comply with, among which they will be included</b>	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 remunerations .....1,385,533.01€

- 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 remunerations .....373,262.01€

- 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.

	<b>Yes</b>	<b>No</b>
<b>Has external advice been used?</b>	X	
<b>Identity of the external consultants</b>	- 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:**

<b>Name or trade name of the director</b>	<b>Trade name of significant shareholder</b>	<b>Office</b>
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:

<b>Name or trade name of the linked director</b>	<b>Name or trade name of the linked significant shareholder</b>	<b>Describe relationship</b>
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**

<b>Description of amendments</b>

**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:

<b>Adoption of resolutions</b>		
<b>Description of the resolution</b>	<b>Quorum</b>	<b>Type of Majority</b>
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).
<p>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.</p> <p>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).</p>	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:**

<b>Number of Board meetings</b>	<b>12</b>
<b>Number of Board meeting without the Chairman's presence</b>	<b>0</b>

State the number of meetings the Board's various committees have held throughout the year:

<b>Number of meetings of the Executive or Delegated Committee</b>	<b>N/A</b>
<b>Number of meetings of the Audit Committee</b>	<b>10</b>
<b>Number of meetings of the Appointments and Remuneration Committee</b>	<b>9</b>
<b>Number of meetings of the Appointments Committee</b>	<b>N/A</b>
<b>Number of meetings of the Remuneration Committee</b>	<b>N/A</b>

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.**

<b>Number of non-attendances by directors during the financial year</b>	<b>4</b>
<b>% of non-attendances compared to the total of votes during the financial year</b>	<b>3.32%</b>

**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:

<b>Name</b>	<b>Office</b>

**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.**

<b>Procedure for appointment and relieving of office</b>
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
<b>Does the Appointments Committee issue a report about the appointment?</b>	<b>X</b>	
<b>Does the Appointments Committee issue a report about the relieving of office?</b>	<b>X</b>	
<b>Does the Board as a whole approve the appointment?</b>	<b>X</b>	
<b>Does the Board as a whole approve the relieving of office?</b>	<b>X</b>	

Has the Secretary to the Board been specifically charged to oversee the recommendations of good governance?

**Yes X**

**No ≥**

<b>Comments</b>
<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](http://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](http://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
<b>Amount of work other than auditing work (thousands euros)</b>			
<b>Amount of work other than auditing work / total amount invoiced by the auditing firm (%)</b>			

**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
<b>Number of consecutive years</b>	<b>1</b>	<b>1</b>

	Company	Group
<b>Number of years audited by the current auditing firm / Number of years the company has been audited (in %)</b>	<b>4.76%</b>	<b>4.76%</b>

**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:**

<b>Name or trade name of the director</b>	<b>Name of company in which shares are held</b>	<b>% shareholding</b>	<b>Position or functions</b>
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  $\geq$**

**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
<b>Should retain office / Should not retain office</b>	

## 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
<b>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>	<b>X</b>	
<b>Regularly checking internal control and risk management systems, so as to ensure the main risks are identified, managed and adequately known</b>	<b>X</b>	
<b>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</b>	<b>X</b>	
<b>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</b>	<b>X</b>	
<b>Bringing before the Board proposals to recruit, appoint, reappoint and replace the external auditor, along with their contracting conditions.</b>	<b>X</b>	

<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</b>	<b>X</b>	
<b>Ensuring the external auditor's independence</b>	<b>X</b>	
<b>In the case of groups, making sure the group's auditor takes on responsibility for the audits of the companies making up the group.</b>	<b>X</b>	

**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](http://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 ≥**

<b>If not, explain the composition of your executive committee</b>

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:

<b>Name or trade name of the significant shareholder</b>	<b>Name or trade name of the company or organization belonging to your group</b>	<b>Nature of the relationship</b>	<b>Type of transaction</b>	<b>Amount (thousand euros)</b>

**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:

<b>Name or trade name of the administrators or executives</b>	<b>Name or trade name of the company or organization belonging to your group</b>	<b>Nature of the transaction</b>	<b>Type of transaction</b>	<b>Amount (thousand euros)</b>
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:

<b>Listed subsidiaries</b>

State whether the respective areas of activity and any possible business relationships between such subsidiaries have been publicly and accurately defined.

**Yes**

**No**

<b>State any possible business relationships between the parent company and the listed subsidiary, and between the latter and other Group companies</b>

State any mechanisms that have been laid down to resolve any possible conflicts of interest between the listed subsidiary and other Group companies:

<b>Mechanisms to resolve any possible conflicts of interest</b>

## **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 on 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.

<b>Risk that has come about during the year</b>	<b>Circumstances that have led to it</b>	<b>Functioning of the control systems</b>
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.

<b>Name of Committee or Body</b>	<b>Description of functions</b>
<b>Board of Directors</b>	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 align="center"><b>Chairman and CEO</b></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 align="center"><b>Audit and Compliance Committee</b></p>	<p>The Board of Directors has entrusted this Committee with these duties, among others:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>The Committee is supported by Internal Auditing and Risks Control (BRC) when it comes to assessing and improving existing internal controls.</p>
<p align="center"><b>Executive Commission and Management Committee</b></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"><b>Regulatory Compliance Unit</b></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"><b>Internal Auditing Unit</b></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"><b>Risk Control Unit (BRC)</b></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"><b>Risk and Opportunities Control Committee</b></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

	<b>% of quorum different from that set forth in Art. 102 of the Corp. Law (<i>LSA</i>) for general circumstances</b>	<b>% 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</b>
<b>Quorum required for 1<sup>st</sup> call</b>		
<b>Quorum required for 2<sup>nd</sup> call</b>		

<b>Description of the differences</b>

**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*):

	<b>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</b>	<b>Other circumstances for a reinforced majority</b>
<b>% set forth by the company for adopting resolutions</b>		
<b>Describe the differences</b>		

**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](http://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](http://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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.96 %</b>	<b>0.03 %</b>	<b>0.01 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.80 %</b>	<b>0.19 %</b>	<b>0.01 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.57 %</b>	<b>0.33 %</b>	<b>0.10 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>95.77 %</b>	<b>4.20 %</b>	<b>0.03 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.76 %</b>	<b>0.22 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.74 %</b>	<b>0.24 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.67 %</b>	<b>0.25 %</b>	<b>0.08 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.83 %</b>	<b>0.09 %</b>	<b>0.08 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.83 %</b>	<b>0.09 %</b>	<b>0.08 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.86 %</b>	<b>0.09 %</b>	<b>0.05 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.86 %</b>	<b>0.09 %</b>	<b>0.05 %</b>

9.11. New article 45 of the By-Laws that expressly provides the duties of the Directors.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.77 %</b>	<b>0.21 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.74 %</b>	<b>0.09 %</b>	<b>0.17 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.83 %</b>	<b>0.09 %</b>	<b>0.08 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>99.98 %</b>	<b>0.01 %</b>	<b>0.01 %</b>

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.

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>98.89 %</b>	<b>0.09 %</b>	<b>0.02 %</b>

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).

<b>Votes in favour</b>	<b>Votes against</b>	<b>Abstentions</b>
<b>94.09 %</b>	<b>5.85 %</b>	<b>0.06 %</b>

**E.9 State whether there are any bylaw constraints setting a minimum number of shares to attend the General Meeting:**

Yes

No

<b>Number of shares needed to attend the General Meeting</b>	<b>1</b>
--	----------

**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

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](http://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](http://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](http://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 communicated 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](http://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.:

<b>Name or trade name of the director</b>	<b>Name of company in which shares are held</b>	<b>% shareholding</b>	<b>Position or functions</b>
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

<b>Name of director</b>	<b>Type of relationship</b>	<b>Explanation</b>

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

<b>Name or trade name of the director that has not voted in favor of approving this report</b>	<b>Reasons (against, abstention, non-attendance)</b>	<b>Explain the reasons</b>

**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.