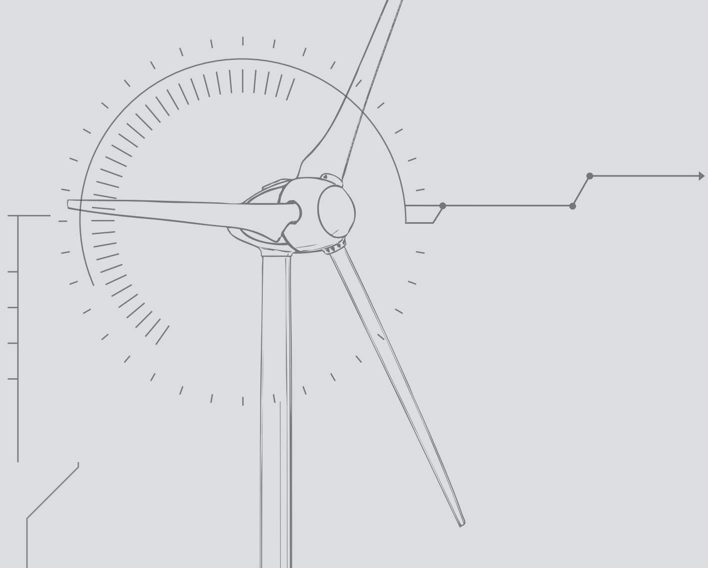
Annual Report **09**



Global techology,
everlasting energy

Gamesa

Key figures

Financial figures	**2009**	2008	2007	2006	2005
Revenues (€mn)	3,229	3,834	3,247	2,401	1,745
MW equivalent sold (*)	3,145	3,684	3,289	2,250	1,783
EBIT (€mn)	177	233	250	262	226
Net earnings after taxes (€mn)	115	320	220	313	133
Net debt/EBITDA	0.7 x	0.1 x	0.5 x	1.6 x	3.3 x
Share price at 31 Dec. (€)	11.78	12.74	31.98	20.85	12.36
Earnings per share (€)	0.47	1.32	0.90	0.82	0.55
Gross dividend per share (€/share)	0.21	0.23	0.21	0.16	0.16
P/E	24.9	9.68	35.4	25.36	22.58

(*) MW equivalent of wind turbines sold is based on accounting standards. For more details, see the Management Report 2009.Note: figures include all the Group's businesses. Figures for 2006 include the sale of the aeronautics and services units. Figures for 2008 include the sale of the solar division.

Labour figures	**2009**	2008	2007	2006	2005
Workforce	6,360	7,187	6,945	5,420	8,188
Accident frequency index	4.91	9.15	20.06	26.80	38.62
Accident severity index	0.158	0.19	0.30	0.40	0.70
% workforce in other countries	31	32	33	22	5,97
% women in workforce	25.52	25.34	22.30	23.51	22.00
% indefinite contracts	86	72	68	70	62
Hours training/employee	32.32	32.79	24.10	12.54	-
Average age of workforce	4.9	4.06	3.8	2.5	3.5

Environmental figures	**2009**	2008	2007	2006	2005
Raw materials (t/€mn)	40	47	43	53	67
Energy consumption (GJ/€mn)	329	354	396	395	430
Water consumption (m3/€mn)	28	31	27	27	39
Waste produced (t/€mn)	5	5	5	4	6
Discharges produced (m3/€mn)	20	13	20	20	38
CO2 emissions (t/€mn)	15	17	19	13	16
CO2 emissions avoided (t/€mn)	1,036	1,239	1,467	1,405	1,532

Note:Environmental figures are expressed with respect to revenues (million euro).

CSR figures	**2009**	2008	2007	2006	2005
Dow Jones Sustainability Indexes-World	✓	✓	✓	-	-
Dow Jones Sustainability Indexes-STOXX	✓	✓	✓	-	-
FTSE4Good	✓	✓	✓	✓	✓
KLD Global Climate 100	✓	✓	✓	✓	-
Sustainable Business 20 (SB20)	✓	-	-	-	-
Ethibel Excellence Europe	✓	✓	-	-	-
Global Challeges Index	✓	✓	✓	-	-
Cleantech index	✓	✓	-	-	-

MILESTONES

2009

February

- Gamesa was awarded a new contract to install 104 MW in Romania
- Developed a technology project for the design and automated manufacture of wind turbine blades

March

- Gamesa implemented an energy efficiency plan at its production facilities, reducing consumption by 20%

April

- Signed contract with Neo Energia to install 35 MW in Spain and France

May

- Gamesa obtained two new contracts to install 98 MW in Italy

June

- Commenced construction of the first wind farm developed by Gamesa in China
- Presented the first prototype of Gamesa's new G10X-4.5 MW wind turbine

July

- Signed an agreement with Huadian for joint development of 200 MW of wind capacity in Inner Mongolia and the supply of wind turbines with total capacity of 300 MW
- Signed new contract to install 10 MW in Mexico
- Reached agreement with University of Delaware (US) to install a wind turbine in a coastal area

September

- Gamesa was included in the Dow Jones Sustainability Index (DJSI) for the third consecutive year
- FTSE4Good recognised Gamesa as a global leader in sustainability for the fifth consecutive year
- The US wind industry named Gamesa as an example for the country's economic and labour potential
- Gamesa and Iberdrola Renovables implemented their strategic agreement.

October

- Gamesa extended the 1.2 billion euro syndicated loan from more than 30 domestic and international banks
- Jorge Calvet was appointed Chairman of Gamesa

2010

February

- The Company strengthened its foothold in Asia with the start-up of its first production facility in India
- Gamesa participated in the construction of wind farms in Pennsylvania financed by Federal Recovery Funds
- Gamesa invites 70 technology centres in Spain to submit sustainable technology projects for development
- Signed a Memorandum of Understanding to work with German company BARD on offshore wind energy
- Gamesa will maintain Iberdrola Renovables' wind farms in Spain and Portugal

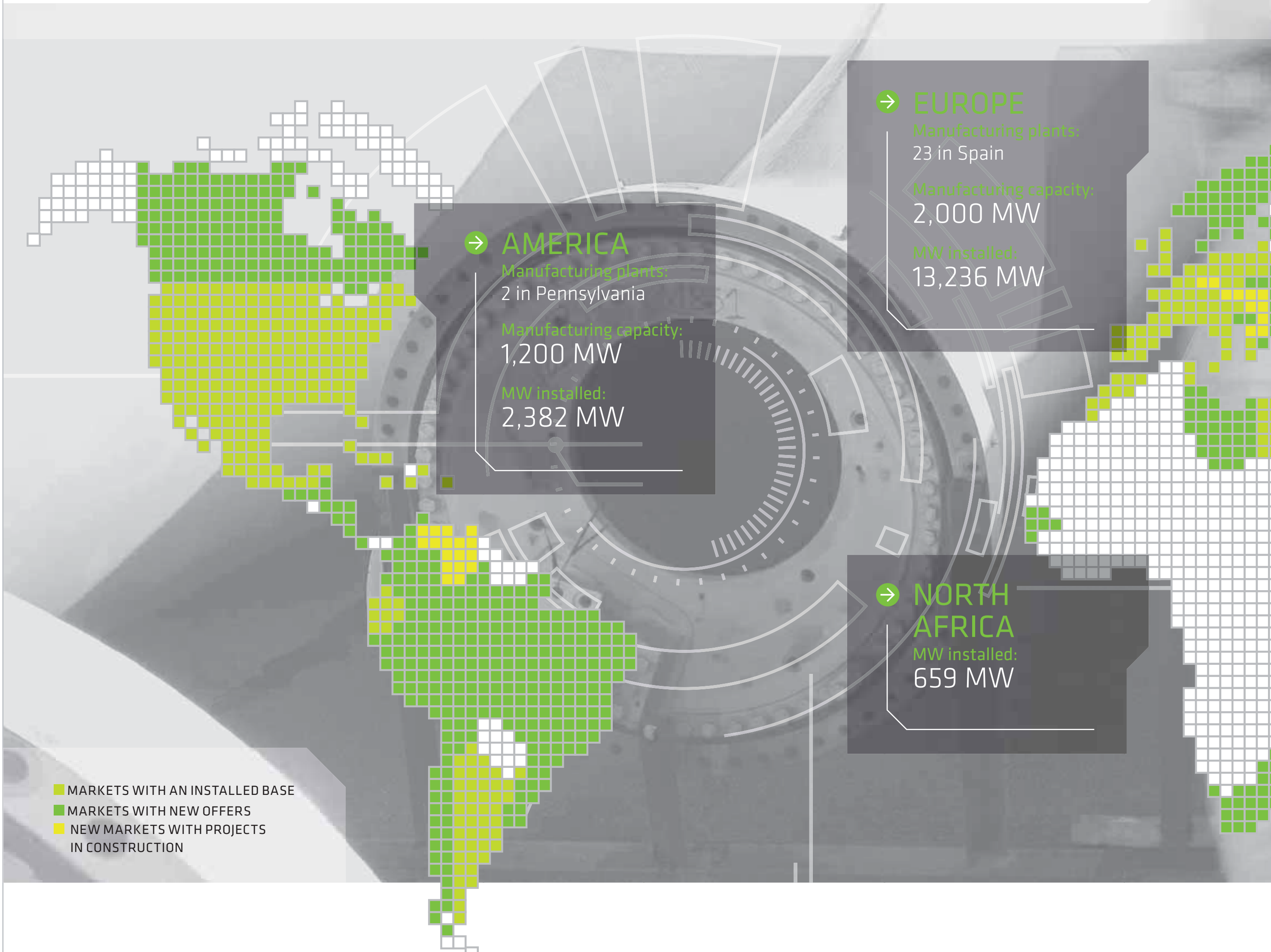
April

- Gamesa exhibits new G10X-4.5MW at EWEC 2010 fair
- Gamesa and its employees raise 61,500 euro for Haiti
- Presentation of an online weather forecasting service for wind farms

May

- Gamesa expands its presence in China with a fifth manufacturing facility
- CTL structure is reinforced to remain in the lead in logistics in the wind industry

Global technology, *everlasting energy*



Wind Turbine Design, Manufacturing and Installation

With 18,000 MW capacity installed to date, Gamesa is among the world leaders in the wind energy market. Production plants in over 30 countries in Europe, the US and Asia, with production capacity of 4,400 MW per year.

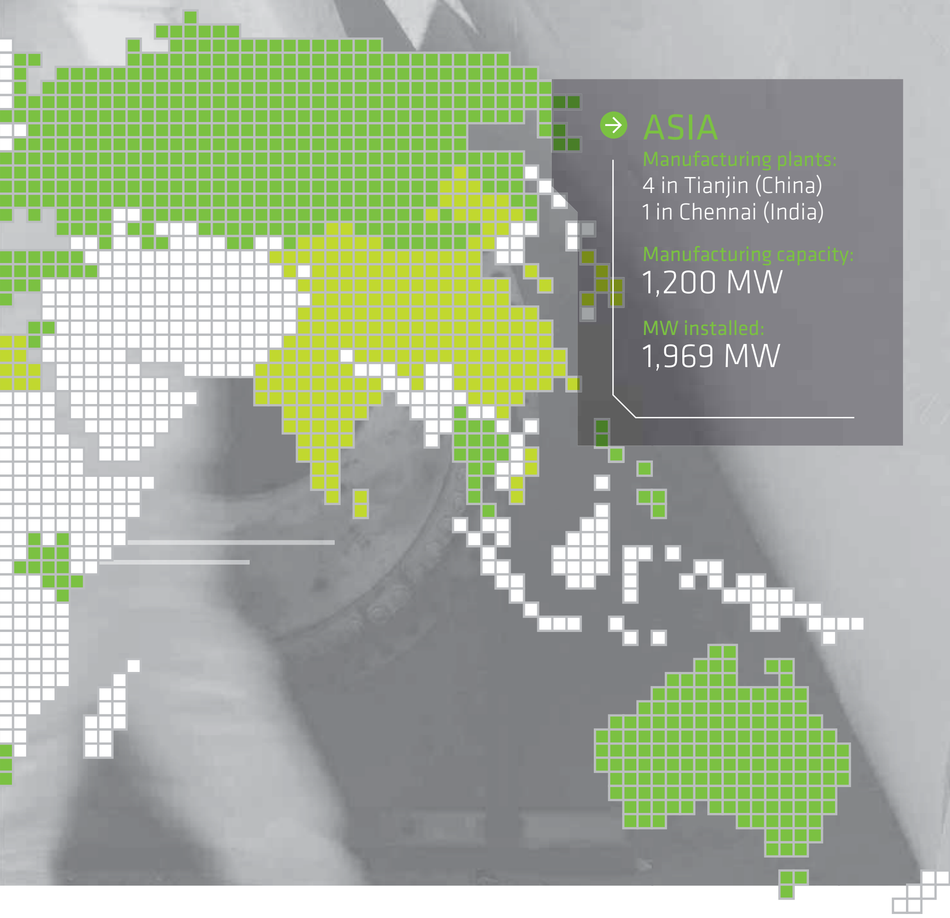
Development and Sale of Wind Farms

Gamesa has installed 146 wind farms in 15 countries with a total capacity of over 3,500 MW. Gamesa has a portfolio of 22,000 MW at different stages of development in Europe, America and Asia.

Operation and Maintenance Services

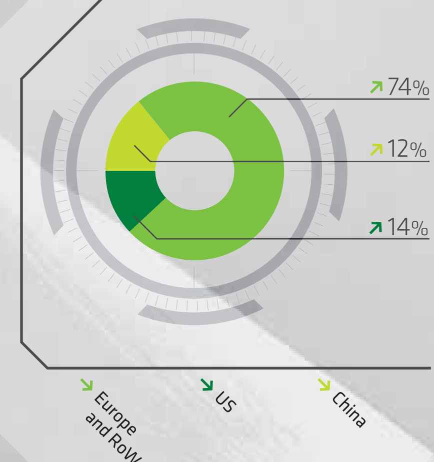
Gamesa's end-to-end offering in the industry is evident in the comprehensive range of operation and maintenance services provided by 2,000 professionals to over 130 clients worldwide (12,000 MW under maintenance).

Global Strategy Gamesa is applying a business strategy based on strengthening the sales arm, expanding the operation and maintenance area, enhancing the competitiveness of its product portfolio by launching new platforms, and the decision to play a significant role in the offshore market.



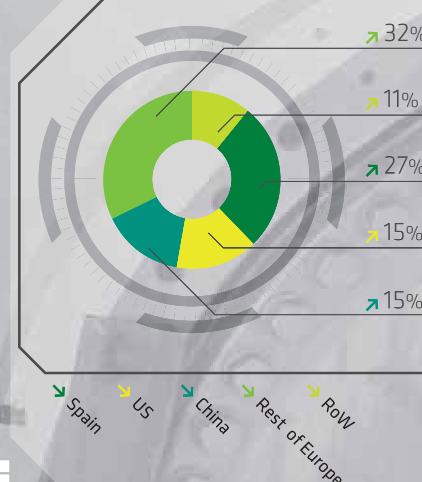
Geographic breakdown of workforce 2009

TOTAL: 6,360 EMPLOYEES



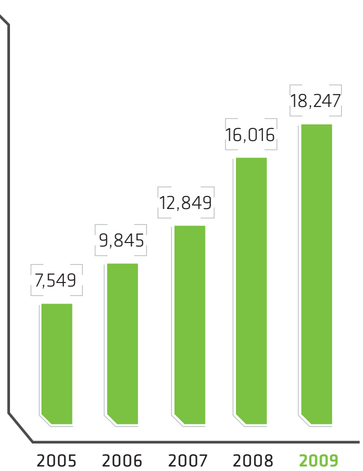
MW sold in 2009

TOTAL: 3,145 MW



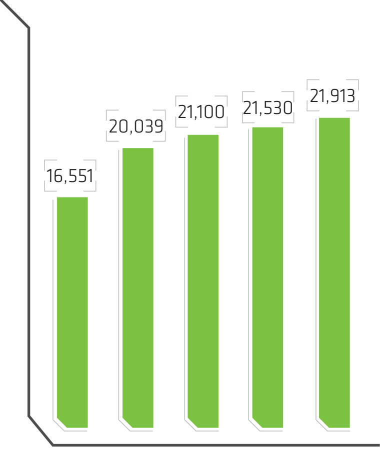
MW installed by Gamesa

ACCUMULATED FIGURES



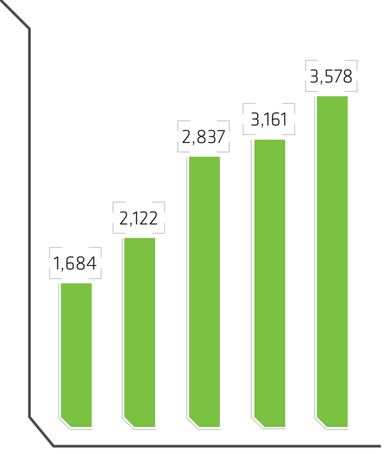
Development and sale of wind farms

TOTAL PORTFOLIO (MW)



Wind farms developed

MW ACCUMULATED



2009
Gamesa
Annual Report 2009

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0.1

Gamesa continues to establish itself as a global company, a strategy in which we have progressed in the last 12 months in response to our customers' needs and in line with market growth. International markets now account for over 70% of wind turbine sales, specifically, Europe, the US and Asia.

In 2009, Gamesa adopted an effective, realistic response to the complex macroeconomic and financial situation and to changes in legislation, which slowed many of our customers' wind energy projects due to difficulties in obtaining credit and sowed uncertainty in the industry in general and in the wind generator manufacture, installation and maintenance business, in particular.

In this context, Gamesa focused on improving efficiency and productivity rather than business volume, and actively managed working capital (synchronizing manufacture and delivery) while implementing an ambitious cost optimisation plan which has enabled us to greatly improve margins. The EBIT margin in our core wind turbine business increased to 7.2% in 2009, from 5.8% in 2008.

Revenues in 2009 amounted to 3.2 billion euro, affected by the weak world economy and the sharp slowdown in our industry in Spain, but also as a result of our focus on aligning production with customer orders and deliveries. Sales amounted to 3,145 MWe (we have installed over 18,000 MW to date) and net profit totalled 115 million euro.

In 2009, we also focused on reducing debt to: 259 million euro, i.e. 0.7 times EBITDA. Consequently, we ended the year with a solid financial position on which to base future growth: we have over 1.6 billion euro in credit lines.

Gamesa continues to establish itself as a global company, a strategy in which we have progressed in the last 12 months in response to our customers' needs and in line with market growth. International markets now account for over 70% of wind turbine sales, compared with 61% in 2008; specifically, Europe, the US, China, some countries in Latin America, and North Africa.

As part of our effort to expand into target markets overseas, during the year we developed new products attuned to local market needs and expanded our production capacity. In addition to our industrial facilities in Europe, the US and China (we plan to continue expanding capacity in the latter two in the coming months), in 2009 we opened our first plant in India, with a planned capacity of up to 500 MW.

Gamesa's wind farm development division, which has a portfolio of 22,000 MW at various stages of development worldwide, also strengthened its international presence by an agreement with Iberdrola Renovables, which will revive the sale of wind farms in Europe; we also expanded in China, where we signed capacity agreements with local partners in the provinces with the greatest wind power potential.

Our leading position in the world wind energy market is, therefore, a reality, and our growth prospects are a safe bet if we consider the road ahead and the commitments that various countries around the world have made to economic development coupled with safe, efficient, emission-free energy. For example, the European Union's 20/20/20 target; the production and investment tax credits and Treasury Grants in the US; and the likelihood that China's new five-year plan may increase the initial projection of 15% renewable capacity by 2020.

In 2009, wind again proved itself to be the soundest and most effective energy source for meeting this challenge: attaining sustainable socio-economic development without compromising future generations.

Wind is also growing in absolute and relative terms in various countries' energy plans, despite the adverse economic situation. A record 37,466 MW of wind capacity were installed worldwide in 2009 (31% more than in 2008), bringing total world installed capacity to 157.9 GW. Over 75% of that installed capacity is concentrated in six countries—China, the United States, Germany, Spain, Italy and India—but more than seventeen countries now have over 1,000 MW of installed wind capacity.

After nearly 20 years of technological development, wind is mature and efficient enough to provide a reliable solution for the new energy model being debated worldwide, by contributing to the intelligent, sustainable, integrating growth that all our governments want.

However, the wind energy industry was not immune to the world financial and economic crisis in 2009. In Spain, moreover, we have found ourselves without a stable legal framework as a foundation for the industry's medium-term plans, and the implementation of the Pre-Assignment Register, which we consider to be unnecessary and restrictive, paralysed the industry in the last seven months of the year.

The consequences are not confined to major job losses: this move also impacts the future investment strategies of Spain's leading manufacturers, which may be forced to reconsider their plans to expand both manufacturing facilities and technology to other regions of the world.

Because we address our business development with realism and prudence, we expect 2010 to be a complex year, with low levels of activity in the first half and, foreseeably, a progressive improvement in the second half, which may firm up in 2011 with sales growth in excess of the 2008 levels and margins greater than those attained in 2009.

In order to seize future growth opportunities and in response to the new situation in the industry, which is now more demanding and requires greater flexibility, Gamesa worked on a new business strategy in 2009 which is based on five pillars. A new commercial approach, to enhance our degree of internationalization by entering new markets and expanding into new customer segments, as well as promoting ancillary activities, such as operation and maintenance services, which provide recurring earnings.
We are also preparing to launch new products, including turbines for low-medium wind regimes, and we are already commercialising the Gamesa G10X-4.5MW platform, which incorporates major technological innovations. Gamesa has made the strategic decision to play a prominent role in the offshore wind business, and we will continue to improve our efficiency and to adapt our investments and production capacity to market needs.

Before I conclude this summary of 2009 and our future plans, I would like to express my gratitude to all those who contribute, year after year, to making Gamesa a world-leading innovative company: our directors, shareholders, customers and professionals. I particularly appreciate this contribution since I was appointed as Chairman of the company only last October. I trust that this new stage of the company's existence will represent an intense new professional and personal challenge for all of us.

Jorge Calvet
Chairman

0.2

Board of Directors

CHAIRMAN	Jorge Calvet	Executive
DEPUTY CHAIRMAN	Juan Luis Arregui	Other External Directors □
MEMBERS	Carlos Fernández- Lerga*	Independent □
	José María Vázquez	Independent △
	Benita Ferrero-Waldner	Other External Directors
	Santiago Bergareche	Independent □
	Pedro Velasco	Proprietary △
	Luis Lada	Independent △
	Iberdrola (represented by José Miguel Alcolea)	Proprietary
Secretary and Member	Carlos Rodríguez- Quiroga	Executive

△ Audit and Compliance Committee
□ Appointment and Remuneration Committee
* Lead Independent Director

Management Committee

Jorge Calvet
Chairman

Geographical Units

Dirk Matthys
Chairman and CEO for North America

Jesús Zaldúa
Chairman and CEO for China

Ramesh Kymal
Chairman and CEO for India

Operating Units

Operations

Iñigo Giménez
Chief Operating Officer

Martín Barandela
General Planning Manager

Ricardo Chocarro
Operations Manager

José Ignacio Larretxi
General Manager of Excellence

Pedro López
Services Manager

José Antonio Malumbres
General Manager of Technology

Teodoro Monzón
GeneralManager of Wind Farm Development and Sales

Commercial and Projects

Javier Perea
General Manager of Commercial and Projects

Corporate Units

Amalia Blanco
General Manager of Communication and External Relations

Iñigo Cisneros
Legal Services Manager

José Antonio Cortajarena
General Secretary

Juana María Fernández
General Manager of Human Capital

Juan Ramón Iñarritu
General Manager of Management Control

Carlos Urueña
Strategy and Business Development Manager

0.3

Gamesa 09. Strategy and situation

Gamesa is a pioneer in the wind turbine industry, in which it has played a leading role for the last fifteen years; the company has installed more than 18,000 MW in over 20 countries on the four continents.
In response to the new situation in the industry (now more competitive, selective and demanding), the company designed a new business strategy based on strengthening the sales arm, expanding the operation and maintenance area, enhancing the competitiveness of its product portfolio by launching new platforms, and the decision to play a significant role in the offshore market.

0.3

GAMESA 2009 AND STRATEGY

In 2009, Gamesa prioritized profitability and efficiency over volume and focused on actively managing working capital while implementing an efficiency plan which has enabled it to greatly improve margins in its core business.

Gamesa operates in the following lines of business within the wind power industry:

- wind turbine design, manufacture, installation and after-sales service. Gamesa is among the world leaders in the market, having installed 18,000 MW through 2009. With 30 manufacturing facilities in Europe, the US and Asia, and 4,400 MW of annual manufacturing capacity, Gamesa is increasing its global footprint by expanding into target markets, establishing production plants in areas of expansion, innovating manufacturing processes, and developing technology for new platforms, adapted to all wind regimes and markets.

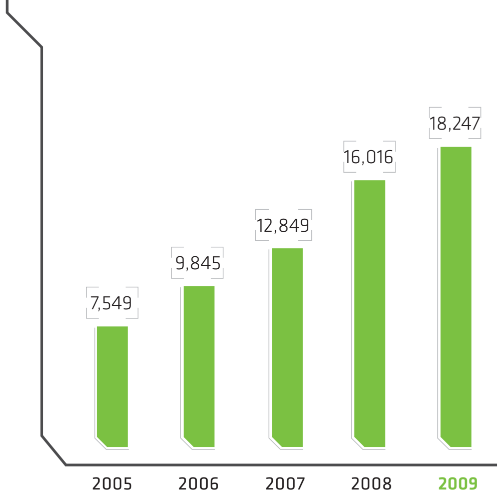
- In addition to its renewable energy manufacturing activities, since 1995 Gamesa has also developed wind farms, enabling it to leverage its expertise in the areas of development, construction and sales. At the end of 2009, Gamesa had 146 operational wind farms in fifteen countries, with a total installed capacity of 3,500 MW, and another 22,000 MW in various stages of development in Europe, America and Asia.

- Gamesa's end-to-end offering in the wind turbine manufacturing business is evident in the comprehensive range of operation and maintenance services provided by over 2,000 highly-qualified professionals equipped to respond to the need for optimal availability and returns on the 12,000 MW under maintenance for over 130 clients. Gamesa plans to expand its presence in this market, which adds value to the core business and provides recurring revenues, the goal being to double revenues and returns in the area within the next two years.

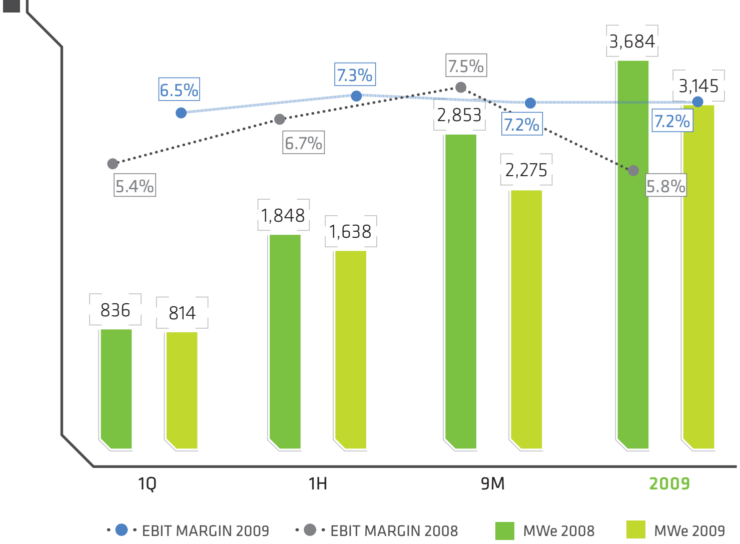
KEY FIGURES 2009	MILLION EURO
Sales	3,229
EBITDA	394
EBIT	177
Net profit	115
Net debt	259
Net debt/EBITDA	0.7x

The search for and analysis of new sustainable energy opportunities and solutions has led Gamesa to conceive and develop other business lines, either directly or through investments in other innovative companies, in the fields of renewable energies, grid integration and energy efficiency.

MW installed by Gamesa
ACCUMULATED FIGURES



Efficiency and profitability



In 2009, the macroeconomic and financial situation (in which energy operators and investors faced restrictions on credit) plus the freeze in the domestic market as a result of the introduction of the Pre-Assignment Register reduced the prospects for the year to zero growth in the wind turbine industry, coupled with difficulties in landing new orders and the situations of surplus capacity at some plants, principally in Spain.

The volume of installations approved in Spain for 2010 coupled with difficult access to finance worldwide in the last year suggest that activity will remain sluggish in the first half of 2010, recovering steadily in the second half. Gamesa expects growth to accelerate in 2011, with strong growth in sales (faster than in 2008) and margins in excess of 2009 levels.

In this context, Gamesa prioritized profitability and efficiency in 2009 and focused on actively managing working capital (synchronizing manufacture and delivery) while implementing an efficiency plan which has enabled it to greatly improve margins in its core wind turbine manufacture business: the EBIT margin was 7.2% in 2009, compared with 5.8% in 2008.

Revenues in 2009 amounted to 3.229 million euro, and the company sold 3,145 MWe, as a result of the weak macroeconomic and financial situation worldwide and the deceleration in the industry in Spain, as well the company's focus on aligning production with customer orders and deliveries.

EBIT amounted to 177 million euro, and the wind turbine division performed well, with EBIT up 7.1% in the year to 225 million euro.

However, the wind farm development business (carried as a continuing operation in Gamesa's financial statements in 2009) penalised the consolidated figures due to delays in obtaining approval for wind projects in Spain and to non-recurring factors such as the recovery of 628 MW in the US portfolio. Gamesa obtained 115 million euro in net profit in 2009.

0.3

The wind turbine division's EBIT margin improved by 140 basis points to 7.2%, boosted by the Cost Improvement Plan (PMC 500), which aims to enhance operating efficiency and steadily improve margins. In 2009, Gamesa saved 150 million euro and identified 130 cost-optimisation measures worth a total of 400 million euro for implementation over a period of 18 months.

Group net debt was reduced by 450 million euro in the fourth quarter, to 259 million euro at year-end. The net debt/EBITDA ratio was 0.7x, i.e. considerably less than the company's guidance of 2.5x.

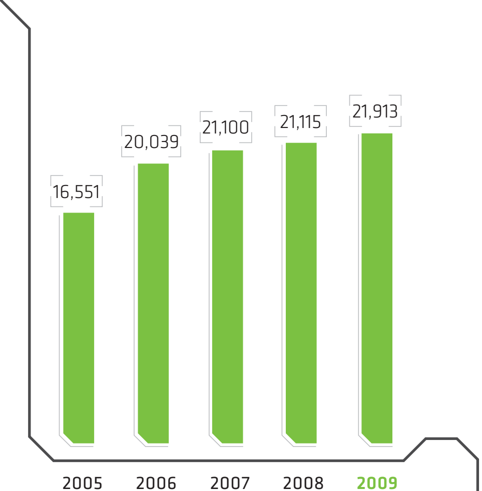
The adoption of a strategy to synchronise production with deliveries improved the working capital/revenues ratio in the wind turbine division to 12% (guidance: 20%).

Gamesa ended the year with a sound financial position after extending 1.2 billion euro of syndicated finance to October 2012. The company also has a 200 million euro 10-year loan from the European Investment Bank (EIB) to finance R&D and innovation projects.

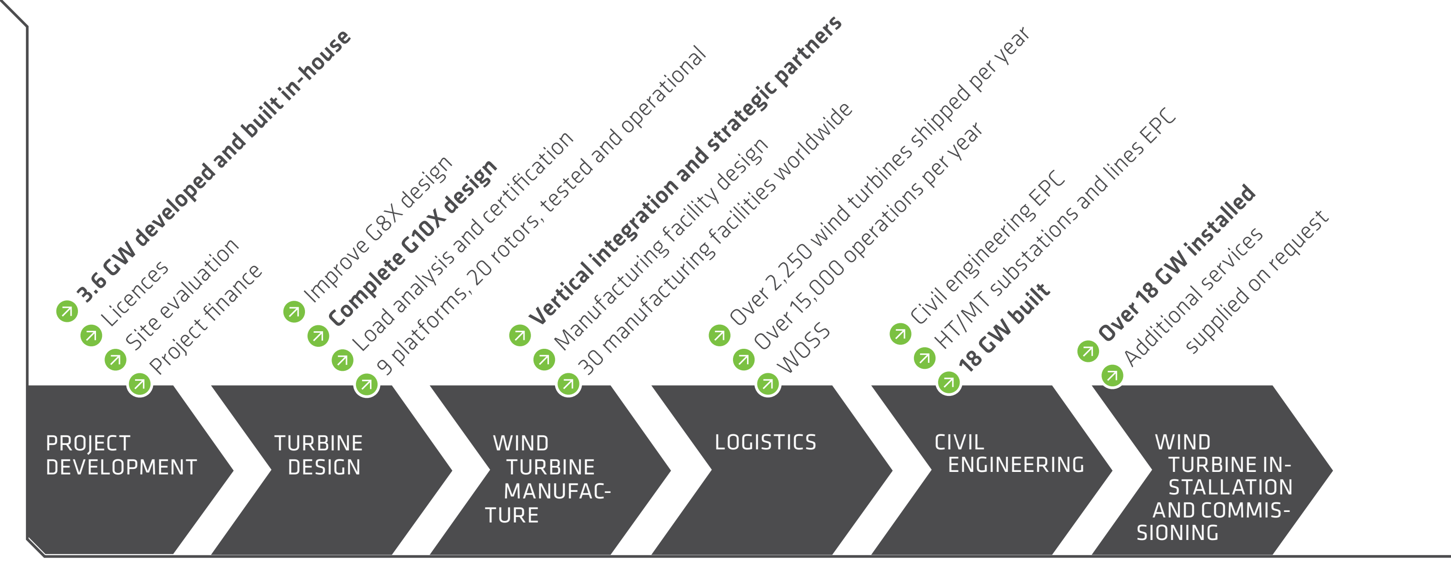
At year-end, the company had credit lines amounting to 1.600 billion euro (including the EIB loan).

Development and sale of wind farms

TOTAL PORTFOLIO (MW)



In-depth knowledge of the wind business



Greater global presence and growing capacity overseas

Gamesa defines itself as a global company that has continued to expand internationally in the last 12 months in response to customer needs and growth in various markets.

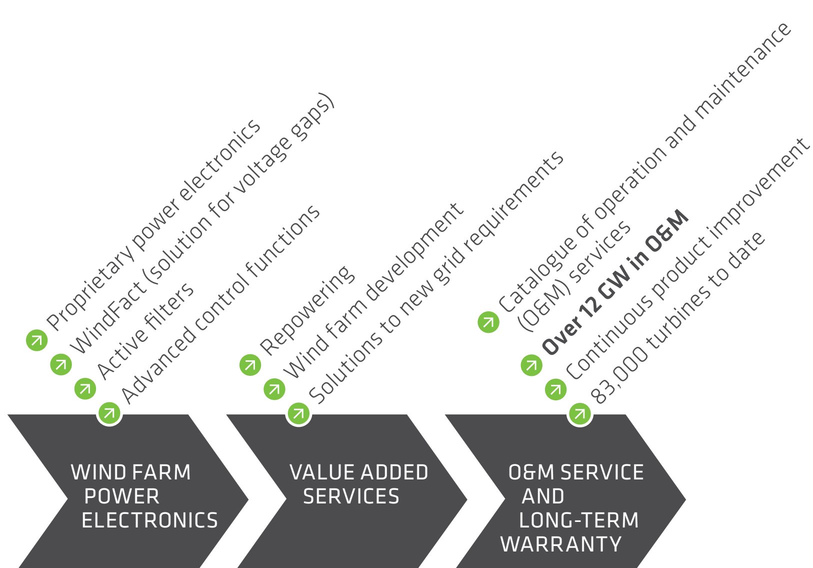
International markets now account for 73% of wind turbine sales, compared with 61% in 2008, with Europe accounting for 32% (mainly Italy, Poland, Hungary and Romania), the US and China for 15% each, and the rest of the world for 11%.

Investment in target countries in 2009 focused on developing new products tailored to local needs and on expanding production capacity in the US, China and India (where the company started up its first manufacturing plant).

In 2009, the company began expanding manufacturing capacity in the US, China and India (where it started up its first factory)

Gamesa's wind farm development division also strengthened its international presence by an agreement with Iberdrola Renovables, which will revive the sale of wind farms in Europe; we also expanded in China, where we signed capacity agreements to develop over 700 MW with local partners in the provinces with the greatest wind power potential.

Gamesa has a portfolio of 22,000 MW at different stages of development in Europe, America and Asia.



0.3

Strategy for the new industry situation

In order to seize foreseeable growth opportunities in the short to medium term and respond to the new situation in the industry (now more selective and demanding greater efficacy and flexibility), Gamesa worked on a new business strategy in 2009 which is based on five pillars:

- Deepening the internationalisation strategy under a new commercial approach and analysing new industrial plants in countries where the market is expanding.

  The economic and financial crisis and the proliferation of wind turbine manufacturers (both established players and local producers in emerging markets) have transformed the wind industry, leading to a slowdown in wind farm development in most Western countries. This has shifted customer needs from meeting demand to more specific solutions and driven the move to selecting preferred suppliers with the aim of gaining scale efficiencies and economies.

  In this context, the company plans to address up to 33 markets (those where it has an established presence and others yet to be explored such as Latin America and Africa) and expand into new customer segments: small and medium-sized developers. This strategy will enable it to double the worldwide sales network, triple the volume of MW it can supply and quadruple the number of commercial bids.

  Gamesa will also continue to focus on improving competitiveness in target countries, expanding with local markets and its main customers by steadily establishing new production plants in markets with growth prospects.

> Gamesa will expand into new markets and new customer segments, such as small and medium-sized developers

Resurgence in commercial activity

New product launches

New product	Rotor diameter	Rated capacity	IEC class
G58	58	0.85 MW	IIA
G90	90	2.0 MW	IIA
G97	97	2.0 MW	IIIA
G128	128	4.5 MW	IIA
G136	136	4.0 MW	IIIA

- Promote the operation and maintenance business with a view to providing an end-to-end response to the new needs of customers and markets and also expanding a source of recurring revenues. Gamesa expects to double revenues in this area to 400 million euro by 2012, and raise the EBIT margin to 15% in the same period.

- New product launches. In the next few years, Gamesa plans to launch two new turbine models for locations with medium- to low wind regimes, which will enhance the competitiveness of its product range and introduce the revolutionary new Gamesa G10X-4.5 MW: with a rated capacity of 4.5 MW, this model has a lower cost per MW but is as easy to ship and install as a 2 MW turbine.

  The turbine has technological innovations make it a reference in the market. The Gamesa G10X-4.5 MW reaches the market with the equivalent of a five-year track record, which guarantees the highest level of availability, efficiency and reliability in the market from the outset. The first pre-series units of this platform, which will be launched worldwide, are scheduled for availability at the end of 2010 and mass production will commence in 2011.

- The strategic decision to move into the offshore wind business, through alliance or by developing proprietary technology, and have a competitive model ready to meet expected demand (2012-2013).

- Continuous improvement of efficiency by optimising costs and tailoring capacity and investment to demand. The European market's maturity (meaning lower rates of growth in the short term) and the impact of Royal Decree Law 6/2009 in the Spanish market will make it necessary for the company to rejig its industrial strategy towards markets where there are prospects for strong sustainable growth in the medium and long-term, namely Asia, the US, Latin America and North Africa.

0.3

SITUATION IN 2009 AND PROSPECTS

In 2009, wind became the chosen energy source for a growing number of countries worldwide. Installed capacity increased by more than 30% to 157.9 GW, principally in Asia, the United States and Europe, which were again the industry's fastest-growing markets.

Nevertheless, the industry was not immune to the world financial crisis and orders fell by more than 40% due to difficulties experienced by developers and investors in obtaining credit. The future prospects are for the resumption of rapid rates of growth based on a return to normality in lending conditions, commitments by a number of countries to economic development with safe, efficient, emission-free energy, interest in renewables on the part of emerging countries, and greater competitiveness on the part of wind power.

In 2009, wind was once again the most reliable and effective renewable energy source for responding to growing demand—in view of the foreseeable depletion of traditional (fossil) and non-renewable energy sources—and to a commitment by countries and governments to continue contributing to socio-economic development that is intelligent (based on innovation), sustainable (providing security of supply, competitiveness and respect for the environment) and integrating (capable of creating a stable industrial structure and jobs, and of promoting territorial and social integration).

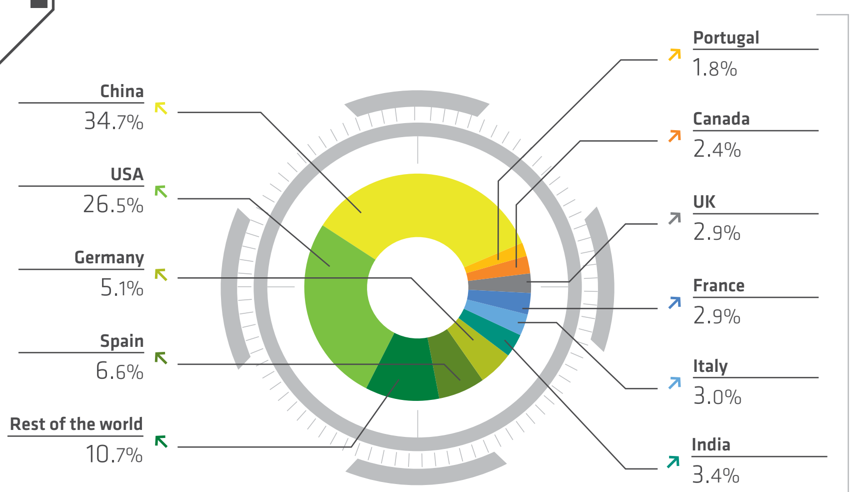
Wind is the chosen energy source by a growing number of countries throughout the world, not just because it is innately safe, effective and clean but also because many governments have included renewable energy development as part of their economic recovery strategies and policies. Wind power is growing in absolute terms and as a percentage of world energy supply despite temporary adversities and the fact that some countries lack a stable legal framework.

However, the world financial and economic crisis impacted demand for wind turbines during the year, which affected production and orders for turbine manufacture.

In this context, the number of new projects and orders slowed due to raised lending standards and difficulties on the part of developers and investors in obtaining credit; other factors included the decline in world energy demand, rising competition based purely on price, and uncertainty in the market. As a result, orders declined by 40% with respect to 2008.

New wind capacity installed in 2009

TOTAL: 37,466 MW



(Source: GWEC-Global Wind Energy Council)

Fastest-growing areas

Nonetheless, installed wind capacity worldwide increased by 31% in 2009, adding 37.5 GW to make a total of 157.9 GW. The fact that wind is now an established alternative was also evident in economic terms: the world market for wind turbines amounted to 45 billion euro in 2009 and, according to GWEC, the industry employs about half a million people worldwide.

Over 75% of installed capacity is concentrated in six countries—China, the United States, Germany, Spain, Italy and India—but over seventeen countries now have over 1,000 MW of installed wind capacity.

Asia, North America and Europe were again the fastest-growing areas in the industry; all three installed around 10 GW of new capacity during the year.

China was the fastest-growing market in 2009, as it doubled its installed wind capacity, from 12.1 GW to 25.1 GW in the space of just a year, by adding 13 GW of new capacity.

Additionally, installation of new capacity in India (1,270 MW), Japan, South Korea and Taiwan made Asia the world's largest wind energy market in 2009, with over 14 GW of new capacity.

The United States is another fast-growing market, having added close to 10 GW of wind capacity during the year, increasing grid-connected capacity by 39% to a total of 35 GW. Contrasting with the predictions by some experts early in the year, much of this growth was due to the application of the US Recovery Act, which was aimed at creating jobs and generating emission-free power.

In Europe, more wind capacity was installed than any other electricity generating technology. Though Europe has long been the largest and most mature market in the wind energy business, it experienced rapid growth once again in 2009, exceeding initial expectations, by adding 10.5 GW of new capacity, principally in Spain (2.5 GW) and Germany (1.9 GW), though Italy, France and the UK added over 1 GW of new wind capacity each. Europe invested over 13 billion euro in new wind farms during the year, including 1.5 billion euro in offshore wind capacity.

The 2,459 MW installed in Spain represent a 14.7% increase over 2008, which is the second-largest increase in wind capacity in absolute terms in Spain's history. During the year, wind was the third-largest source of power in the Spanish electricity system, covering 14.3% of demand (compared with 11.5% in 2008) and exceeding coal-fired output in annual terms for the first time.

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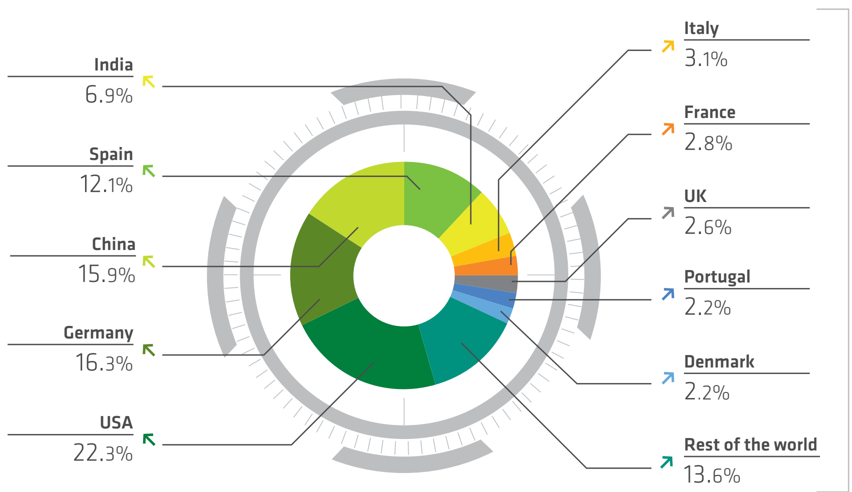
World installed wind capacity

MW INSTALLED THROUGH 2009: 157,899 MW



(Source: GWEC-Global Wind Energy Council)

However, the industry faces greater uncertainty following the approval of the Pre-Assignment Register in the second half of the year; as the Wind Business Association (AEE) had warned, this led to a sharp deceleration in wind turbine manufacture and installation, paralysing the market for seven months, and to the loss of an estimated 15,000 direct and indirect jobs.

The measure has sharply curtailed the pace of installation in the short and medium term, by establishing a cap of between 520 MW and 780 MW per year for the next two or three years, compared with an average of 2,200 MW in the last two years. The consequences are not confined to major job losses: they also impacted the future investment strategies of Spain's leading manufacturers, which may be forced to reconsider their plans to expand both manufacturing facilities and technology to other countries.

Although United States and China will clearly be the dominant markets in the near future, many other countries registered over 100% growth in installed wind capacity in 2009, including Mexico, Turkey and Morocco as well as China. The introduction of special regulated tariffs for wind power in South Africa and the Canadian province of Ontario were notable events in 2009.

During the year, wind power firmly established itself as the soundest and most effective option for new generating capacity anywhere in the world in economic and environmental terms and also from the standpoint of supply security.

Since 2005, the wind industry has created more jobs than any other industrial sector in the world according to the World Wind Energy Report 2009, published by the World Wind Energy Association (WWEA), which estimates that the industry currently employs 550,000 people.

The WWEA expects employment in the industry to reach 670,000 by the end of 2010 and 1 million in 2012.

The industry's impact on the environment is indisputable. The 158 GW of installed capacity existing at year end produced 340 TWh of clean electricity and saved 204 million tons of CO_2 in the year.

World installed wind capacity (1996-2009)

(Source: GWEC-Global Wind Energy Council)

Market outlook

The growth prospects are based on commitments made by various countries to economic development and safe, efficient, emission-free energy.

The European Union maintains its 20/20/20 objective that 20% of energy consumption in 2020 in its member states be from renewable sources, including a notable contribution from wind.

In Europe, growing competition will drive more internationalization and the search for new business segments, such as offshore

This market includes countries with a mature, developed wind power industry, such as Germany and Spain (and, to a lesser extent, Italy, the UK and France) plus emerging countries such as those of Eastern Europe, which have strong growth prospects in the coming years.

The lack of any standard Europe-wide framework and the existence of a mature, highly competitive industry (Europe's turbine manufacturers are among the world leaders) results in competition being focused on product quality, constant improvements in efficiency, and proximity to markets.

In the medium term, growing competition will drive the leading players to greater internationalisation and the search for market niches with growth potential, such as offshore, which has very good prospects as it is practically untapped and has higher barriers to entry.

Early in his term, President Barack Obama announced an ambitious energy plan to develop green technology, reduce oil imports and impose higher taxes on oil company profits. A sizeable component of the plan was the creation of a $150 billion fund to invest in clean energy over the next 10 years, creating 5 million jobs in the period.

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However, during the year the cost of the Wall Street bailout, economic and financial measures to address the crisis and the President's focus on healthcare delayed full development of the plan.

The industry's performance in 2009 (it attained record capacity of close to 10 GW), and the maintenance of production tax credits (PTC), investment tax credits (ITC) and Treasury Grants clearly evidence the will on the part of the Federal government and the states to develop the wind industry and their conviction that clean energy policies must be a central part of any stimulus package aimed at an economic recovery and job creation.

In 2009, 36 states had installed wind capacity, 14 of them with more than 1,000 MW each. During the year, 39 manufacturing plants were announced or installed, i.e. 32% more than 2008. It is estimated that 85,000 Americans currently work in the wind energy industry.

The Chinese wind industry is characterized by enormous growth potential and tight government control over the electricity industry, coupled with increasing competitiveness on the part of local producers.

China was the fastest-growing wind markets in 2009 and is the one with the strongest prospects for the future because of the size of the market, the authorities' awareness of environmental and pollution problems, the lack of domestic energy resources, and the launch of a renewable energy plan, which may be enhanced by the new five-year plan, raising the initial goal that 15% of capacity be renewable by 2020.

In China, proximity is a vital competitiveness factor as the wind farm development market is still incipient and tariffs for wind energy encourage private investment in projects.

China is the fastest-growing wind market and the one with the best prospects for the future, because of its size, lack of local energy resources, and the implementation of an ambitious renewable energy plan

Medium-term prospects

Installed wind capacity worldwide will total 409 GW in 2014, i.e. 160% more than in 2009 according to estimates by the Global Wind Energy Council (GWEC). That would represent 21% annual growth over the next five years.

The United States and China will be the industry's fastest-growing markets. The US market is expected to reach 101.5 GW within five years (i.e. 163% more than in 2009), while China (which in 2009 overtook Germany as the country with the most installed capacity in the world) will add over 20 GW per year through 2014.

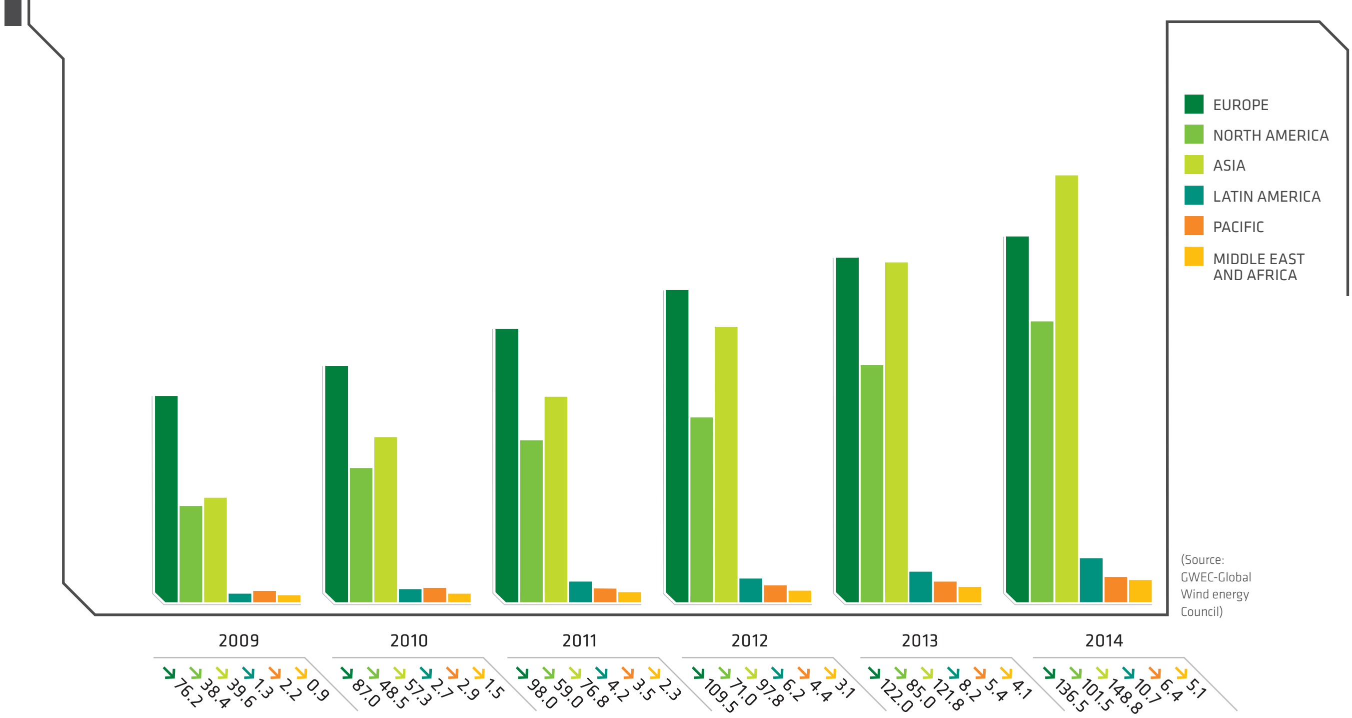
The GWEC estimates that Europe will continue to rank first in terms of installed capacity (136.5 GW) until 2013, but that Asia will overtake it with a total of 148.8 GW by the end of 2014.

According to EWEA, Germany will add approximately 2 GW per year until 2020, when it may attain a total of 52 GW installed, whereas Spain may reach 41 GW in the period. The UK and France may add capacity in a similar order of magnitude (34 GW and 26 GW, respectively) to Germany and Spain, which are currently the leaders in Europe.

The projections for the rest of the EU (including Italy, Sweden and the Netherlands) are for steady growth in installed wind capacity. Romania and Poland are also expected to expand installed capacity considerably in the short and medium term.

Compared with the total of 65 GW installed in the EU-27 at the end of 2008, capacity could reach 230-265 GW between 2009 and 2020, i.e. annual growth of between 13.8 GW and 16.7 GW. Between 40 GW and 55 GW will be offshore.

Cumulative market forecast by 2014



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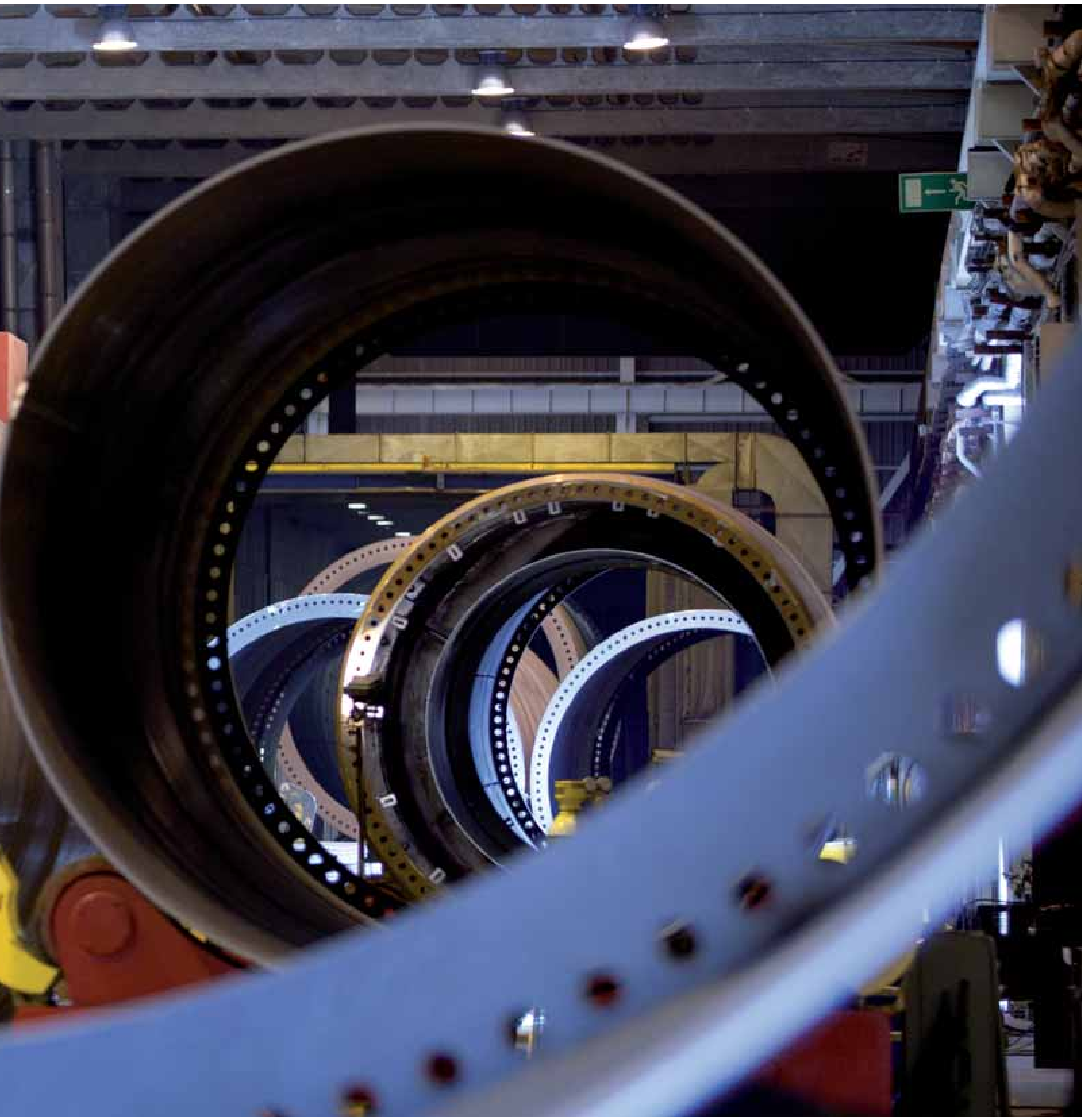
Wind turbines

Gamesa is a pioneer in the wind turbine industry, in which it has played a leading role for the last fifteen years; the company has designed, manufactured and installed more than 18,000 MW and has production plants in Europe, the US and Asia and a production capacity of 4,400 MW per year. The company has increased its global footprint by expanding into target markets, establishing production plants in areas of expansion, innovating manufacturing processes, and developing technology for new platforms, adapted to all wind regimes markets.



Gamesa has 30 manufacturing facilities in Europe, the US and Asia. Its commercial strategy enables it to double the sales network, triple the number of MW offered and quadruple the number of commercial bids.

The company has its own wind turbine design and development capacity and it is vertically integrated; Gamesa covers the entire process from conception, manufacturing and installation of wind generators, including manufacturing of blades, moulds, blade roots, multipliers, generators, converters and towers, as well as assembly, logistics and installation.

Gamesa has more than thirty production facilities in Spain (supplying the European market), the US and Asia. Its sales network includes many European countries (Germany, Italy, Denmark, Greece, Portugal, France, the UK, Ireland and Poland), the US, China, Mexico, and North Africa (Morocco, Egypt and Tunisia).

In 2009, the wind turbine design, manufacturing and installation division proved adept in adapting to the contraction in demand due to the global financial situation—as the credit crunch slowed orders—and specifically in Spain, due to approval of the Pre-Assignment Register, which practically paralysed the wind turbine industry in the second half of the year.

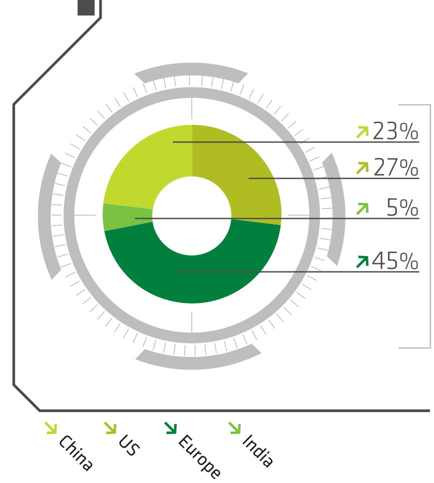
Against this backdrop, the company focused on operating efficiency, improving margins and matching the pace of manufacturing with orders with a view to maintaining complete control of working capital, managing costs and optimising production capacity.

Growing global presence

Sales in this division totalled 3,145 MW in the year. Markets outside Spain accounted for 73% of total sales (61% in 2008), primarily in Europe (in particular Italy, Poland, Hungary and Romania), the US and China.

In addition to new contracts, Gamesa continued to fulfil the agreement with Iberdrola Renovables for the installation of a total of 4,500 MW; it is the largest single wind turbine deal in the industry's history.

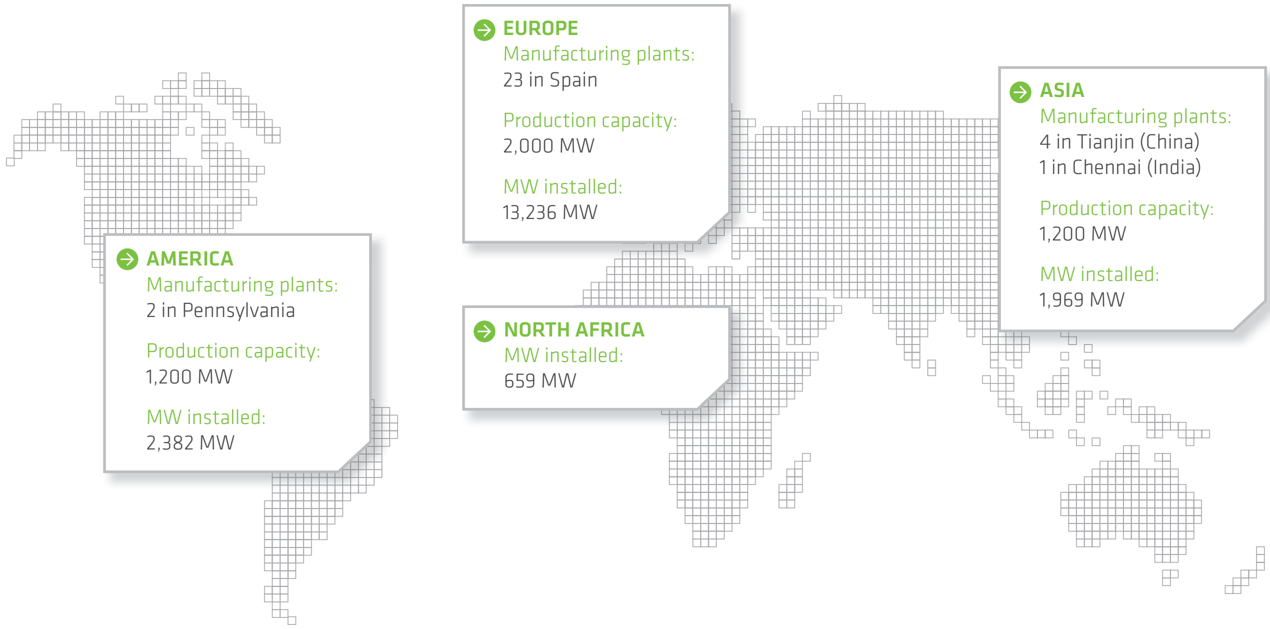
2009 Production capacity
TOTAL: 4,400 MW



The 3-year contract (with scope for a two year extension) includes the manufacturing and installation of wind turbines for the utility's wind projects in the rest of Europe, the US and Mexico. It also covers assembly and commissioning of the wind turbines and operation and maintenance services under warranty.

In 2009, Gamesa installed 2,546.6 MW in Spain, the US, China, other European countries (including Italy, France and Germany) and North Africa (primarily Egypt and Morocco).

Worldwide industrial base



The company firmly established itself in the multi-megawatt turbine segment in 2009, during which the Gamesa G8X-2.0 MW accounted for 70% of all installations; the company also commenced production and sales of its new Gamesa G10X-4.5 MW model.

A commitment to growth in target countries, in line with market evolution and synchronised with expansion by its main customers, has driven growth in Gamesa's production capacity and the range of platforms in its main overseas markets. This strategy has been implemented as follows:

- In the US, by manufacturing the first units of the G90-2 MW and increasing capacity by 300 MW to 1,200 MW;
- In China, where the industrial development plan for the G8X-2 MW turbine continued with the addition of 400 MW of new capacity, set to culminate in 2010 with a total of 1,000 MW local capacity;
- India, where Gamesa started up its first manufacturing plant facility at Red Hills, near Chennai, in south-eastern India.

The facility will manufacture Gamesa G58-850 kW wind turbines and have an initial annual production capacity of 200 MW, with scope to increase to 500 MW. The industrial process will be complemented by continuous development of local suppliers of components and materials. Within three months of starting operations in India, Gamesa already had orders in excess of 100 MW in India and neighbouring countries.

Gamesa continued to improve procurement and project development processes in North America and Asia.

Establishing industrial facilities near customer locations, coupled with a solid global supply network, enables the company to reduce logistics costs and customs tariffs while also decreasing currency risk. In 2009, 76% of procurements in China and 63% in the US were sourced locally.

The US Department of Treasury supported the company's industrial expansion in the US with a tax credit in excess of 30 million dollars in 2009.

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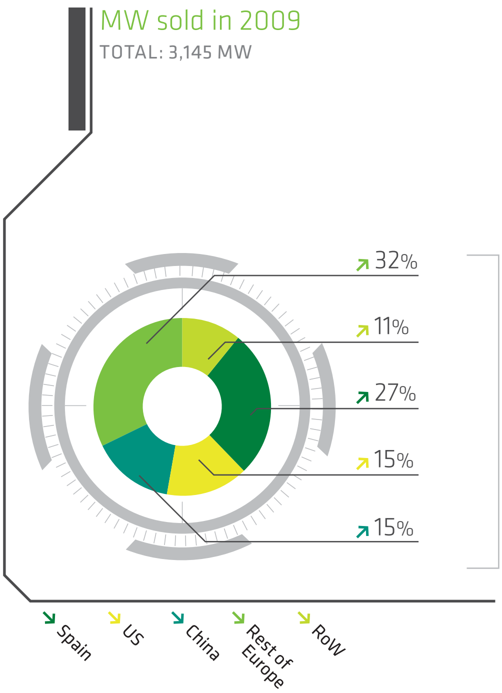
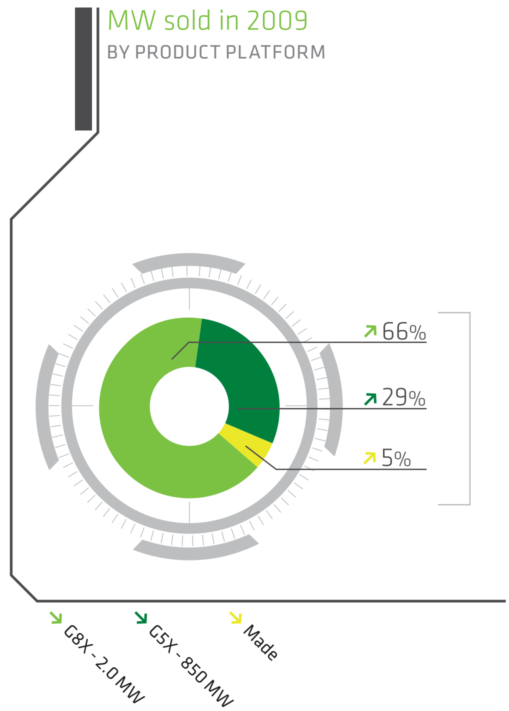




Commercial focus and new product launch

The wind power industry has undergone significant changes in recent months, due to tougher market conditions, growing global competition (where established and local players compete in emerging countries), and changing needs of customers, who seek more specific solutions and a stable group of preferred suppliers so as to improve efficiency and economies of scale.

Gamesa has addressed this scenario with a new commercial approach based on maximising value for clients, global support, tailor-made solutions, flexibility, expansion in local markets, and cooperation with key clients in new product development.

This strategy is visible in the company's move into 33 new markets and its expansion to other client segments (small and medium-sized developers), the goal being to double the global sales network, and to increase MW production capacity threefold and sales offers fourfold.

This approach also includes launching new products so as to make Gamesa's product portfolio more competitive.

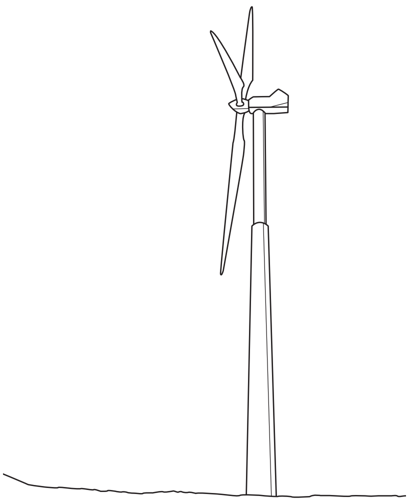
To this end, the company has commenced development of two new turbines for medium and low wind speeds (G58 and G90, in class IIA; G97 in class IIIA), as well as a new platform, the G10X-4.5 MW (in the commercialisation phase); it is also moving into the offshore wind business.

Platforms for all kinds of markets

Gamesa continued working on enhancing the features of its basic turbine families for different types of sites. Variations have been developed on the existing Gamesa G5X-850 kW and Gamesa G8X-2.0 MW platforms, and the new Gamesa G10X, with a rated capacity of 4.5 MW, was presented in the market in September 2009.

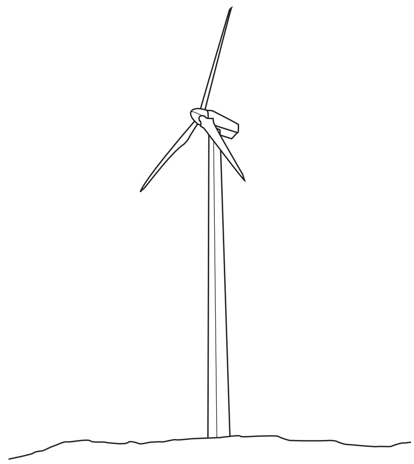
Gamesa's range of turbines is complemented by the Made line, via two turbine platforms (Made AE5X-800 kW and Made AE61 – 1320 kW), over 600 of which have been installed worldwide.

Gamesa platforms



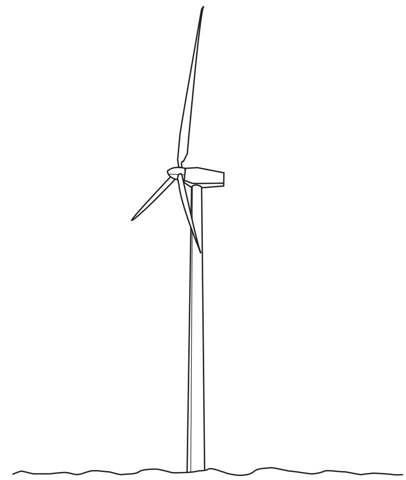
G10X-4.5 MW

Lower cost per MW but
as easy to ship and install as
a 2.0 MW turbine



G8X-2.0 MW

Best cost per kWh using technologies that maximise output with high (G80), medium (G87) and low (G90) wind speeds.



G5X-850 kW

Maximum performance in locations with low winds (G58), medium and strong winds (G52) and even complicated terrain

The Gamesa G10X-4.5 MW reached the market with the equivalent of five years' operating track-record: a five-year validation programme, tests of 350 components, 75 laboratories certified worldwide and validation of all components and sub-components.

The wind turbine is equipped with technologies which ensure:

- lower cost per MW than the Gamesa G8X-2.0 MW platform, but with similar transport and assembly tooling;
- superior reliability;
- adaptation to the most rigorous grid codes, and
- compliance with the main environmental regulations.

The Gamesa G10X-4.5 MW has a rotor diameter of 128-metres and a 120-metres hybrid concrete/steel tower.

The turbine incorporates innovative technologies based on design and validation concepts which ensure a level reliability comparable to other industries such as aeronautics:

- Innoblade®. Design of a sectional blade that can be transported in a manner similar to that of 2.0 MW turbines, with new aerodynamic features which minimise noise and maximise output. Its pioneering structure and unique combination of materials substantially reduces blade weight;
- Multismart®. Wind turbine control system which uses the data it collects to individually modulate the pitch of each blade, reducing vibration and lessening the load borne by some components by up to 30%;
- ConcreTower®. A hybrid concrete/steel tower, designed for the G10X platform, which is easy to transport and assemble;
- CompacTrain®. A drive train designed for the Gamesa G128-4.5 MW: the main shaft is semi-integrated with a two-stage gearbox with a mid-speed range output. The integrated design results in a smaller drive train with fewer components;
- Flexifit®. A crane coupled to the nacelle that makes it easier to assemble and service the unit by hoisting and lowering the nacelle's key components, such as the drive train, generator and hub. This feature cuts costs; and
- GridMate®. A permanent magnet synchronous generator using a full converter, which helps to guarantee compliance with the most demanding grid connection regulations.

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The output of a single Gamesa G10X-4.5 MW wind turbine contributes to an environmentally-friendly energy supply. A single wind turbine can provide electricity to 3,169 homes per year, displacing close to 1,000 tonnes of oil equivalent (toe/year) and avoiding the emission of 6,750 tonnes of CO_2/year.

In 2009, a new nacelle was produced for the turbine prototype and the final design configuration was assembled. The gondola incorporates the main components tested in 2009 plus design enhancements. The nacelle will be mounted once the Innoblade® blades are installed, in the second quarter of 2010.

The G10X team also manufactured a second prototype, which will be installed in 2010 in Jaulín (Zaragoza).

Gamesa has commenced commercialisation and industrialisation of the wind turbine, with pre-series planning, selection of industrial plants where the pre-series will be manufactured, and planning of certifications and process documentation.

Technology

Gamesa's R&D and innovation activity was backed by European, Spanish government and regional authorities in 2009. The company also arranged a 200 million euro loan from the European Investment Bank (EIB) for its 2008-2011 R&D and innovation strategy.

The company has five technology centres and has invested 200 million euro in technology innovation in the last five years.

R&D projects under way or completed in 2009 include:

- Windlider, aimed at researching key technologies for designing large wind turbines, shortening time to market, and increasing the maturity of the first series.

- Reliawind, aimed at enhancing reliability in wind turbine design, operations and maintenance with a view to improving efficiency and reducing maintenance costs.

Technology development in wind energy was complemented by the launch (in the second half of 2009) of a complementary strategic line of R&D into electricity storage in order to overcome electricity grid limitations that are preventing greater deployment of renewable energies.

Main contracts 2009

4,500 MW	Europe, US and Mexico	Iberdrola Renovables
300 MW	Inner Mongolia and Huadian	China Huadian Nwe Energy Development
104 MW	Romania	ENEL
98 MW	Agrigento and Lercara (Italy)	Enpower 3
68.6 MW	Tunisia	STEG
20 MW	Sri Lanka	Seguwantivu y Vidatamunai Wind Power
294.9 MW	China	Longyuan
35 MW	Spain and France	Neoenergía
32 MW	France	SFE
10.2 MW	Ireland	Viridian
22 MW	Sicily (Italy)	Alerion
10 MW	Baja California (Mexico)	Turbo Power Baja Energy

This involved the development of two projects:

- Sustainergy® seeks to use proprietary technology for centralised storage of tens or hundreds of MWh;
- Greengrid® aims to test the viability of managing millions of batteries in electric and hybrid cars as a giant decentralised virtual battery with capacity of close to 6 GWh in Spain alone.

As it does each year, Gamesa reflected on its technology strategy with a view to prioritising technology development projects to be executed in 2010, aimed at reducing costs and enhancing the features of products and processes and improving engineering productivity and technological leadership.

Gamesa has approved close to 20 technology development projects for 2010, most of which will be performed in cooperation with leading science and technology research centres.

The projects aim to identify, mature and determine the viability of a range of technologies that are still too immature to apply in the wind energy industry but have significant potential for improving competitiveness. In the next phase, the technologieswill be used in product development projects. Technology and product development projects must also maximise value for the company.

Gamesa continued to expand its patent portfolio, with 31 new applications in 2009.

At year-end, the company had been granted or filed a total of 150 patent families, with almost 400 individual patents in various markets. According to the 2008 Industrial Property Statistics, Gamesa ranked tenth in patent activity among Spanish-resident companies.

0.5

Wind farm development

In addition to its renewable energy manufacturing activities, since 1995 Gamesa has also developed wind farms, enabling it to leverage its expertise in the areas of construction, development and sales. At the end of 2009, Gamesa had 146 operational wind farms in fifteen countries, with a total installed capacity of 3,500 MW, and another 22,000 MW in various stages of development in Europe, North America and Asia.

The strategy focuses on organic growth in stable markets, progressive build-out and sale of the backlog, while expanding in line with customer needs and as a function of project profitability.

Gamesa's wind farm development division undertakes all the activities associated with wind generation projects, including site identification, wind measurement, obtaining the necessary permits and licenses for wind farm construction and commissioning, final sale of wind farms, and operation and maintenance of operational farms.

The company's strategy in this segment is based on organic growth in profitable markets, progressive build-out of the portfolio (alone or through alliances with local partners) and rotation of assets (through recurring farm sales) to meet the needs of customers (large utilities and local developers), depending on projects' earnings visibility and profitability.

This division was active in 2009 in the installation and start-up of wind farms, and it expanded its international footprint by commencing construction of its first wind farms in Poland and China.

Gamesa continued to strengthen its operations in target markets where it has a long-standing presence: Spain, Portugal, Italy, Germany, Greece and France. It also has projects under development in the UK, Switzerland, Bulgaria, Romania and the US.

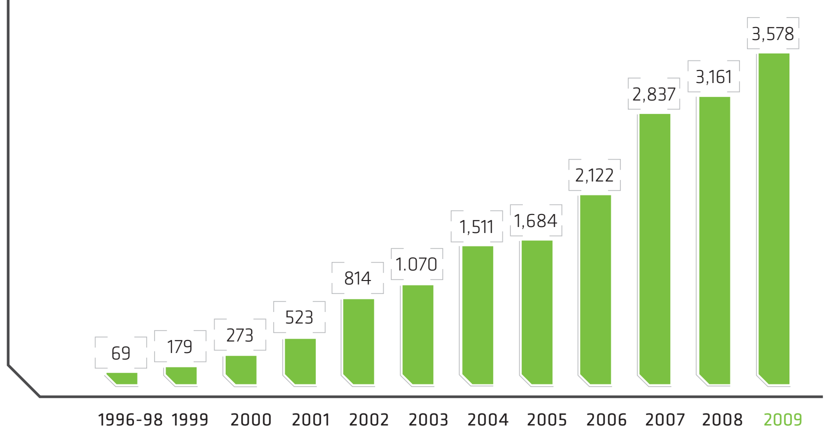
In addition to organic growth, Gamesa implemented a strategic alliance with Iberdrola Renovables to jointly promote, develop and operate wind farms in Europe.

Value creation stages

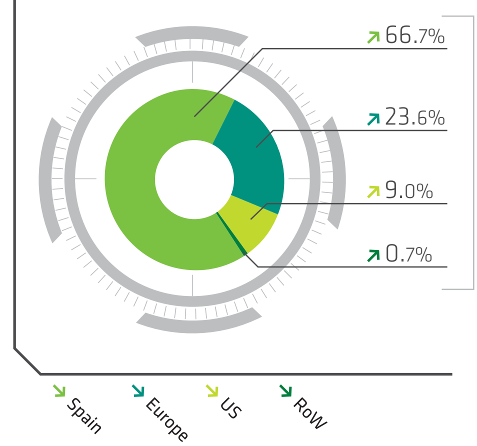
WIND POWER PROJECTS

STAGES	GAMESA PRODUCTION CYCLE					CUSTOMER PRODUCTION CYCLE
	DEVELOPMENT			INSTALLATION		OPERATION
Duration	**3 - 4 years**			**6 - 9 months**		**> 20 years**
Actions	Site prospection	Wind measurements	Permits	Civil engineering	Wind turbine assembly	Operation and maintenance contracts handled by Gamesa
Duration	6 months	2 years	1 year	4 months	2 - 3 months	

Installed capacity worldwide
MW ACCUMULATED



MW installed through 2009
TOTAL: 3,578 MW



Under the agreement, both companies will develop their order books separately until 30 June 2011, when call and put options on Gamesa's wind energy projects in agreed areas will come into force. Iberdrola Renovables will have the option of acquiring these businesses from Gamesa or creating a joint venture (75:25) to manage the combined portfolios.

As from June 2014, Gamesa will be able to exit the joint venture by selling its 25% stake to Iberdrola Renovables .

The agreement will maximise the value of both companies' project portfolios and reinforce Gamesa's strategy to continue expansion in the industry, while helping create a European leader in wind farm development.

START-UP OF 19 WIND FARMS

In 2009, Gamesa completed assembly of 325 wind turbines at its wind farms, with a total installed capacity of 559 MW.

It commenced operation of 19 wind farms in Spain, France, Germany and Mexico. The company completed its first project in Mexico: the 26.35 MW Bii Nee Stipa wind farm, in El Espinal (Oaxaca). Gamesa has 314 MW at various stages of development in the state of Oaxaca.

In Spain, the company completed the largest wind energy project ever built by a private developer in the country: Andévalo, in Huelva province, comprised of 7 wind farms with a total installed capacity of 243.6 MW.

The project, which cost 475 million euro, called for the construction of 121 km of high tension grid network in Huelva and Seville provinces and a 220 kV overhead line to facilitate the connection between Spain and Portugal. Project and infrastructure execution was completed in just 13 months.

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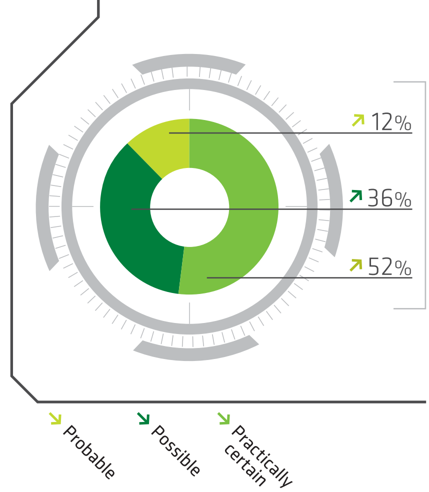
Wind farm portfolio (MW)

Breakdown of wind farm portfolio by development status

TOTAL: 21,913 MW



The farms use Gamesa's G90 (2.0 MW) and G58 (0.85 MW) wind turbines. Once all the farms are operational, they will produce more than 700 GWh per year, i.e. more than six times the area's annual electricity consumption. Moreover, they will provide an environmentally-friendly energy supply: annual production of the farms is equivalent to 60,000 toe and will avoid the emission of 450,000 tonnes of CO_2 into the atmosphere.

Construction commenced on a total of 309 MW in 2009 and the development business started up in Poland and China

Commencement of activity in Poland and China

The company began construction of new wind farms in Spain, France, Germany and Italy with a total capacity of 309 MW; it has also been began developing wind farms in Poland, where it built the Piecki wind farm (32 MW), and in China, where it built 168 MW in Shandong, Inner Mongolia and Liaoning provinces. In China, Gamesa benefited from the wind farm expansion strategy promoted by the government and by its main clients, signing agreements with local companies in 2009 to build over 700 MW in wind farms in provinces with the greatest wind growth potential.

At the end of 2009, Gamesa had 11 wind farms under construction (355 MW): 7 in Europe and 4 in China.

In the US, where Gamesa has a strong track record in wind farm development, the company benefited from the state of Pennsylvania's investment of $22.8 million of Federal Recovery Funds in the development of three wind farms with a total capacity of 100 MW.

Gamesa's role will be twofold: it will develop the 38 MW Chestnut Flats wind farmin Cambria and Blair countries, and it will manufacture and install wind turbines in one of the other two farms awarded to other companies.

In 2009, Gamesa obtained the permits, licenses and authorisation to build 12 new wind farms (224 MW) in Spain, and it registered 19 wind farms (500.6 MW in total) under the Pre-Assignment Register for the "special regime".

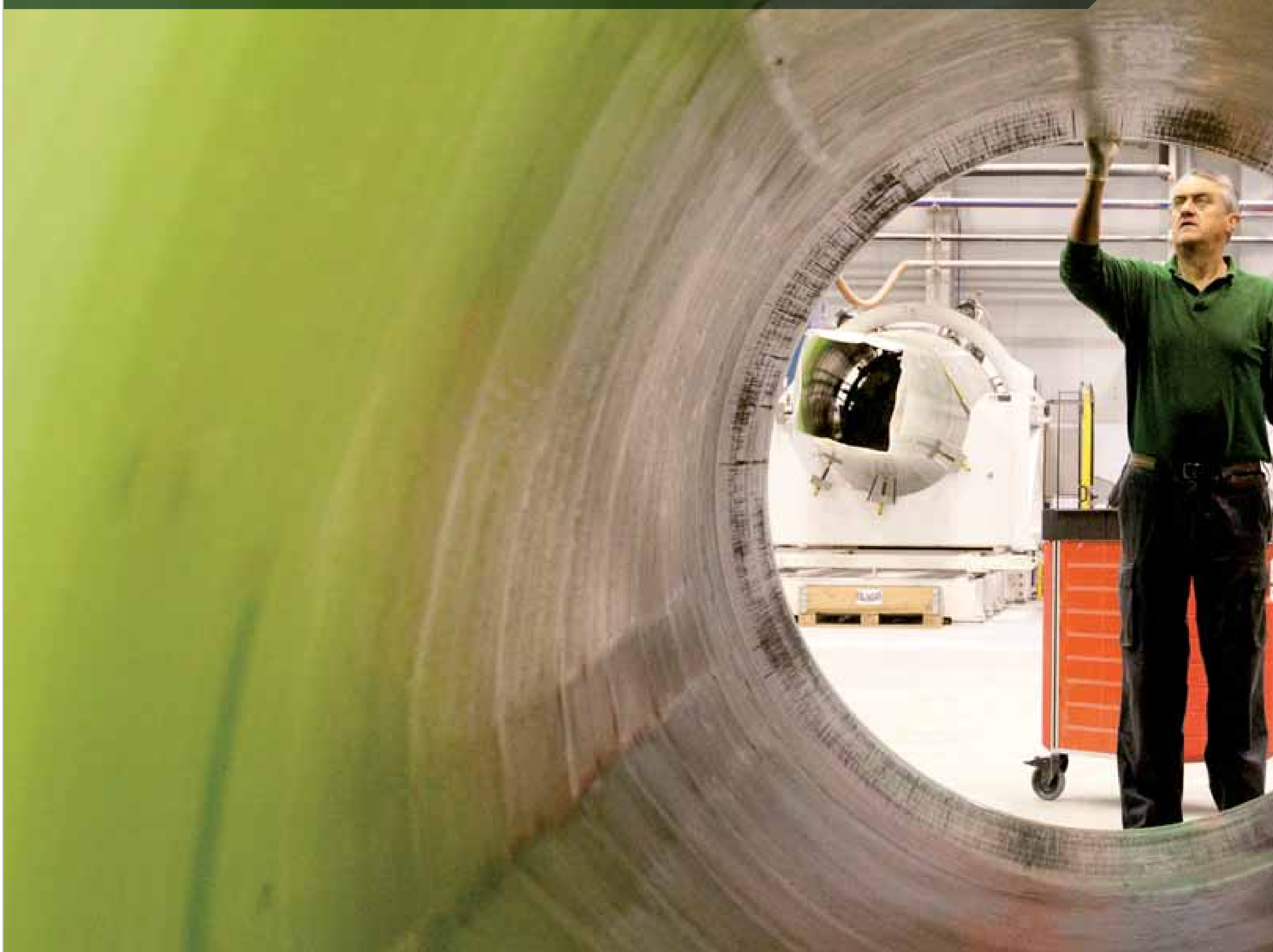
WIND FARMS THAT WERE COMMISSIONED IN 2009		
243.6 MW	Huelva (Andalusia)	Andévalo complex
26.35 MW	Oaxaca (Mexico)	Bii Nee Stipa
76 MW	Pontevedra (Galicia) Tarragona (Catalonia) Lugo (Galicia) Sevilla (Andalusia)	Monte Arca Conesa I Alto do Seixal Gomera I
40 MW	France	Montlouby II, Rampont II and Aussac-Vadalle
31 MW	Germany	Diemelsee I and II, Oberende and Zettingen I

WIND FARMS COMMENCED IN 2009	
168 MW	China: in Shandong (Taipingshan 1 and Tangwanshan), Inner Mongolia (Meiguiying I) and Liaoning (Shiyingzi)
32 MW	Piecki, Poland
42 MW	Gomera I (Andalusia) and Alto do Seixal (Galicia)
67 MW	Rest of Europe: Italy, France and Germany

0.6

Operation and maintenance services

Gamesa's end-to-end offering in the wind turbine manufacturing business is rounded out with a comprehensive range of operation and maintenance services provided by over 2,000 highly-qualified professionals equipped to respond to the need for optimal availability and returns on the 12,000 MW under maintenance for over 130 clients.



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Gamesa's strategy includes expanding its presence in this market, which adds value to the core business and provides recurring revenues, the goal being to double revenues and returns in the area within the next two years.

Operation and maintenance are essential to value creation, availability and optimal returns on wind farms because they contribute to:

- optimising wind farm output and returns by maximising availability;
- guaranteeing a useful life, in optimal conditions, of at least 20 years (a generator's life cycle);
- taking the necessary steps to conform to developments under existing technical standards or new technical or economic regulations.

These increasingly technical activities are conducted with the following resources:

- 2,000 professionals, in-house and at specialised suppliers;
- 32 Regional Operating Centres in Europe (Spain, Portugal, France, Germany, Italy, Ireland, the UK, Greece, Poland, Hungary, Bulgaria and Romania), the US, Mexico, Asia (China and Japan) and Africa (Morocco, Tunisia and Egypt), which guarantee proximity and permanent availability at the wind farms under maintenance;
- remote control facilities in Pamplona, the US, Italy and Germany which enable operators to view turbine operating parameters in real time and take steps to maximise availability;
- a logistics network of central, regional and site warehouses with a stock of spares (guaranteeing spare part availability in the shortest possible time);
- an engineering department which analyses new product performance and designs and implements the necessary adaptations to maximise results in operation;
- proprietary tools for wind farm management and monitoring; and
- a satellite-terrestrial network with global coverage.

In 2009, Gamesa provided operation and maintenance services on 12,000 MW owned by 130 clients on four continents.

During the year, maintenance procedures (both preventive and corrective) on the main platforms were reviewed and updated in terms of content, structure and format:

- 16% of corrective maintenance tasks on the Gamesa G8X-2.0 MW platform (133 tasks) were reviewed and updated;
- up to 79% of the tasks on the new Gamesa G10X-4.5 MW (129 tasks).

Gamesa's commercial strategy, aimed at maximising market growth opportunities in the short and medium term, is focused on strengthening this business area so as to provide an end-to-end response to customer needs by complementing the company's core business.

Gamesa expects to have 20,000 MW under maintenance by 2012 and to double revenues (to 400 million euro) and the EBIT margin (to 15%) by that year.

To attain those goals, the division has added the following activities:

- Client inventory management
- Web portal for clients
- The CCS school (Commercial, Construction, Services), which has a broad range of training and certification programmes for contractor staff
- Gamesa Windnet, a new generation of remote management tools for wind farms
- The MEGA wind power production prediction and weather risk management system
- The Gamesa spare part browser
- The SMP predictive maintenance system, which includes specific characteristics and features for wind turbines, facilitates early detection of faults in the main components, enables action to be planned, and gets equipment back into service in the shortest possible time, which increases turbine availability and useful life.
- Upgrading the existing fleet to enhance turbine performance
- Repairing principal components in-house to ensure maximum quality and competitiveness in terms of prices and times
- Diagnosis systems
- Cutting time between maintenance shut-downs by planning work in line with production windows.

The largest contract in the business

Gamesa continued adding O&M contracts to its portfolio in 2009. The most notable new contract, because of its geographical scope and size, is the three-year agreement (with scope for a two-year extension) to maintain the bulk of Iberdrola Renovables's wind turbines in Spain and Portugal.

The contract, worth 120 million euro for the first three years, includes maintaining Iberdrola Renovables's G4X, G5X and G8X wind turbines as their warranties expire, i.e. a total of 1,650 MW in the first year.

The agreement is the largest and broadest contract signed to date by Gamesa's Operation and Maintenance area; its scope includes guaranteed availability , preventive maintenance, and small and large corrective maintenance (including spares and consumables).

0.7

New businesses

The search for and analysis of new sustainable energy opportunities and solutions has led Gamesa to conceive and develop other business lines, either directly or through investments in other innovative companies, in the fields of renewable energies, grid integration and energy efficiency.

In addition to expanding its activities in the field of renewable energy and energy efficiency, Gamesa is considering the creation of a global applied innovation network and the establishment of programmes to create technology companies.

The company's main lines of action focus on the following areas:

- power generation from renewable energy sources: solar, marine, biomass, waste, hybridisation, etc.
- integration of energies into the electricity grid: prediction of renewable energy production in real time, power electronics, grid stability studies, integration of electric vehicles into the system, etc., and
- energy efficiency, in broad terms: energy solutions for industry and municipalities, energy-efficient construction, wastewater transformation, etc.

In 2009, Gamesa launched new business lines which are currently in the start-up phase:

G-Energy Efficiency

Commercialisation of energy and energy efficiency advisory, management and education services, and implementation of energy solutions (energy audits, energy management, advisory services, training, solution implementation, ESCO development, etc.).

In 2009, audits were conducted at a number of companies, which contributed to reducing their carbon footprints and CO_2 emissions by eliminating inefficient energy consumption.

Q-Grid Technologies

This company was created together with Areche Group to design, develop, manufacture and sell products for energy supply quality which focus on integrating renewable energies into the grid and on improving energy quality at large industrial consumers. The company started up with a range of products from its founding shareholders.

MEGA Meteo Gamesa

This project, which focuses on energy efficiency and optimisation of wind resources, developed models to predict wind energy production, the goal being to enhance integration of renewable energies into the electricity grid. This system also plays a key role in managing weather risks, as a considerable volume of work is weather-dependent.

The project has been implemented on the MEGA Meteo Gamesa website, which allows users to see the status of specific farms in real time and makes predictions for the coming days.

MEGA provides a system for predicting wind energy output, making it possible to manage weather risk and improve workplace risk management

MEGA also improves workplace risk management by avoiding employee exposure and work on sites on days with adverse weather; it conforms to all regulations and maximises efficiency in wind farm management and maintenance. Accordingly, it improves machinery productivity by avoiding shutdowns on high-performance days, for example. Tools have also been developed to optimise the search for and location of wind farm sites.

Efywat

Energy-saving device, developed to reduce electric motor consumption and significantly improve their functioning parameters. Efywat actively participates in reducing emissions through more efficient use of available energy resources.

Gamesa's short- and medium-term goal in this segment is to expand and strengthen established companies and business lines.

The company is considering two additional lines of action:

- Implementing a global network of applied innovation by identifying and selecting technology partners and establishing cooperation agreements with the leading technology centres and universities worldwide; and
- implementing a range programmes focused on creating technology-based businesses.

0.8

Consolidated Financial Statements

0.8

CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 37). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of Gamesa Corporación Tecnológica, S.A. and Subsidiaries composing the GAMESA GROUP (see Notes 1 and 2) comprising the consolidated balance sheet at 31 December 2009 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

2. As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the figures for 2009 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, the figures for 2008. Our opinion refers only to the consolidated financial statements for 2009. On 26 February 2009, we issued our auditors' report on the 2008 consolidated financial statements, in which we expressed an unqualified opinion.

3. In our opinion, the accompanying consolidated financial statements for 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of Gamesa Corporación Tecnológica, S.A. and Subsidiaries composing the GAMESA GROUP at 31 December 2009 and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that of the preceding year.

4. The accompanying consolidated directors' report for 2009 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2009. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Gamesa Corporación Tecnológica, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Alberto Uribe-Echevarría Abascal
25 February 2010

GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

(Thousands of Euros)

ASSETS	Notes	31/12/09	31/12/08(*)
NON-CURRENT ASSETS:			
Intangible assets -			
Goodwill	9	387,258	311,384
Other intangible assets	10	152,545	136,089
		539,803	**447,473**
Property, plant and equipment -	11		
Property, plant and equipment in use		404,696	305,239
Property, plant and equipment in the course of construction		12,716	25,980
		417,412	**331,219**
Investments accounted for using the equity method	12	51,702	50,107
Non-current financial assets -	13		
Investment securities		4,815	143
Other non-current financial assets		73,356	65,183
		78,171	**65,326**
Deferred tax assets	25	193,199	157,214
TOTAL NON-CURRENT ASSETS		1,280,287	1,051,339
CURRENT ASSETS:			
Inventories	14	784,356	828,322
Trade and other receivables	15	1,435,570	1,196,265
Trade receivables from related companies	32	357,423	181,445
Tax receivables	26	168,689	33,231
Other receivables		73,040	79,108
Current financial assets -			
Derivative financial instruments	21	5,410	5,587
Other current financial assets	20	5,916	68,533
Other current financial assets/related companies		-	800
		11,326	**74,920**
Cash and cash equivalents	16	801,438	529,536
TOTAL CURRENT ASSETS		3,631,842	2,922,827
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	8	-	89,239
CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	8	-	711,906
TOTAL ASSETS		4,912,129	4,775,311

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2009.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

(Thousands of Euros)

EQUITY AND LIABILITIES	Notes	31/12/09	31/12/08(*)
EQUITY:			
Of the Parent -	18		
Share capital		41,361	41,361
Share premium		155,279	155,279
Other reserves		1,301,540	1,026,248
Unrealised asset and liability revaluation reserve		(8,348)	(13,157)
Translation differences		(1,650)	2,467
Treasury shares		(32,310)	(30,825)
Net profit for the year		114,666	320,224
		1,570,538	**1,501,597**
Of non-controlling interests	24	5,061	6,513
TOTAL EQUITY		1,575,599	1,508,110
NON-CURRENT LIABILITIES:			
Provisions for contingencies and charges	22	222,625	253,113
Bank borrowings	19	396,490	255,005
Other non-current liabilities	23	51,864	56,452
Deferred tax liabilities	25	86,293	56,967
Derivative financial instruments	21	-	4,155
TOTAL NON-CURRENT LIABILITIES		757,272	625,692
CURRENT LIABILITIES:			
Bank borrowings and other financial liabilities -			
Bank borrowings	19	687,987	210,603
Derivative financial instruments	21	16,255	20,990
		704,242	**231,593**
Trade and other payables		1,525,073	1,576,017
Trade payables to related companies	32	131,660	472,691
Other payables -			
Tax payables	26	89,140	72,827
Other current liabilities		129,143	25,518
		218,283	**98,345**
TOTAL CURRENT LIABILITIES		2,579,258	2,378,646
NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8	-	150,004
ACURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8	-	112,859
TOTAL EQUITY AND LIABILITIES		4,912,129	4,775,311

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2009.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

(Thousands of Euros)

	Notes	(Debit) Credit	
		2009	2008(*)
Continuing operations:			
Revenue	29.a	3,187,085	3,820,444
+/- Changes in inventories of finished goods and work in progress		(254,073)	325,136
Procurements	29.b	(2,072,087)	(3,055,473)
Other operating income	29.a	112,877	76,327
Staff costs	29.c	(292,354)	(288,481)
Other operating expenses	29.d	(287,290)	(347,649)
Depreciation and amortisation charge and provisions	29.e	(217,437)	(297,452)
PROFIT FROM OPERATIONS		176,721	232,852
Finance income	29.f	12,032	26,411
Finance costs	29.g	(58,642)	(61,801)
Exchange differences (gains and losses)		(6,575)	(15,008)
Losses on disposal of non-current assets	11	(1,526)	(2,847)
Net impairment losses	10 y 11	(1,840)	-
Results of companies accounted for using the equity method	12	1,568	1,651
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		121,738	181,258
Income tax on profit from continuing operations	27	(7,159)	(2,007)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		114,579	179,251
Discontinued operations:			
Profit for the year from discontinued operations	8	-	143,103
PROFIT FOR THE YEAR		114,579	322,354
Attributable to:			
Shareholders of the Parent		114,666	320,224
Non-controlling interests	24	(87)	2,130
Earnings per share (in euros)	**35**		
From continuing operations		0,4769	0,7412
From continuing and discontinued operations		0,4769	1,3242

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated income statement for 2009.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

	Notes	2009	2008(*)
CONSOLIDATED PROFIT FOR THE YEAR (I)		114,579	322,354
Income and expense recognised directly in equity			
- Arising from cash flow hedges	18.c	(10,952)	(11,711)
- Translation differences		(4,117)	5,212
- Other income and expense recognised directly in equity		-	4,703
- Tax effect	18.c	5,223	1,007
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		(9,846)	(789)
Transfers to profit or loss			
- Arising from cash flow hedges	18.c	14,817	(14,618)
- Tax effect	18.c	(4,279)	4,269
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		10,538	(10,349)
TOTAL COMPREHENSIVE INCOME (I+II+III)		115,271	311,216
a) Attributable to the Parent		115,358	309,086
b) Attributable to non-controlling interests	24	(87)	2,130

(*) The changes in 2008 are presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated statement of comprehensive income for 2009.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

				Restricted reserves	
	Share Capital	Share Premium	Unrealised asset and liability revalution reserve	Legal reserve	Revaluation reserve
Balances at 1 January 2008 (*)	41,361	155,279	7,896	8,272	1,139
Total consolidated profit for 2008	-	-	(21,053)	-	-
Distribution of 2007 profit:					
Other reserves	-	-	-	-	-
Dividend with a charge to 2007 profit	-	-	-	-	-
Treasury shares	-	-	-	-	-
Other changes	-	-	-	-	-
Balances at 31 December 2008 (*)	41,361	155,279	(13,157)	8,272	1,139
Total consolidated profit for 2009	-	-	4,809	-	-
Distribution of 2008 profit:					
Other reserves	-	-	-	-	-
Dividend with a charge to profit for 2008	-	-	-	-	-
Treasury share transactions (Notes 3-ñ and 18-e)	-	-	-	-	-
2009-2011 incentive plan (Note 18-e)	-	-	-	-	-
Transactions with non-controlling interests (Note 24)	-	-	-	-	-
Other changes in non-controlling interests	-	-	-	-	-
Balances at 31 December 2009	41,361	155,279	(8,348)	8,272	1,139

(*) The changes in 2008 are presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated statement of changes in equity for 2009.

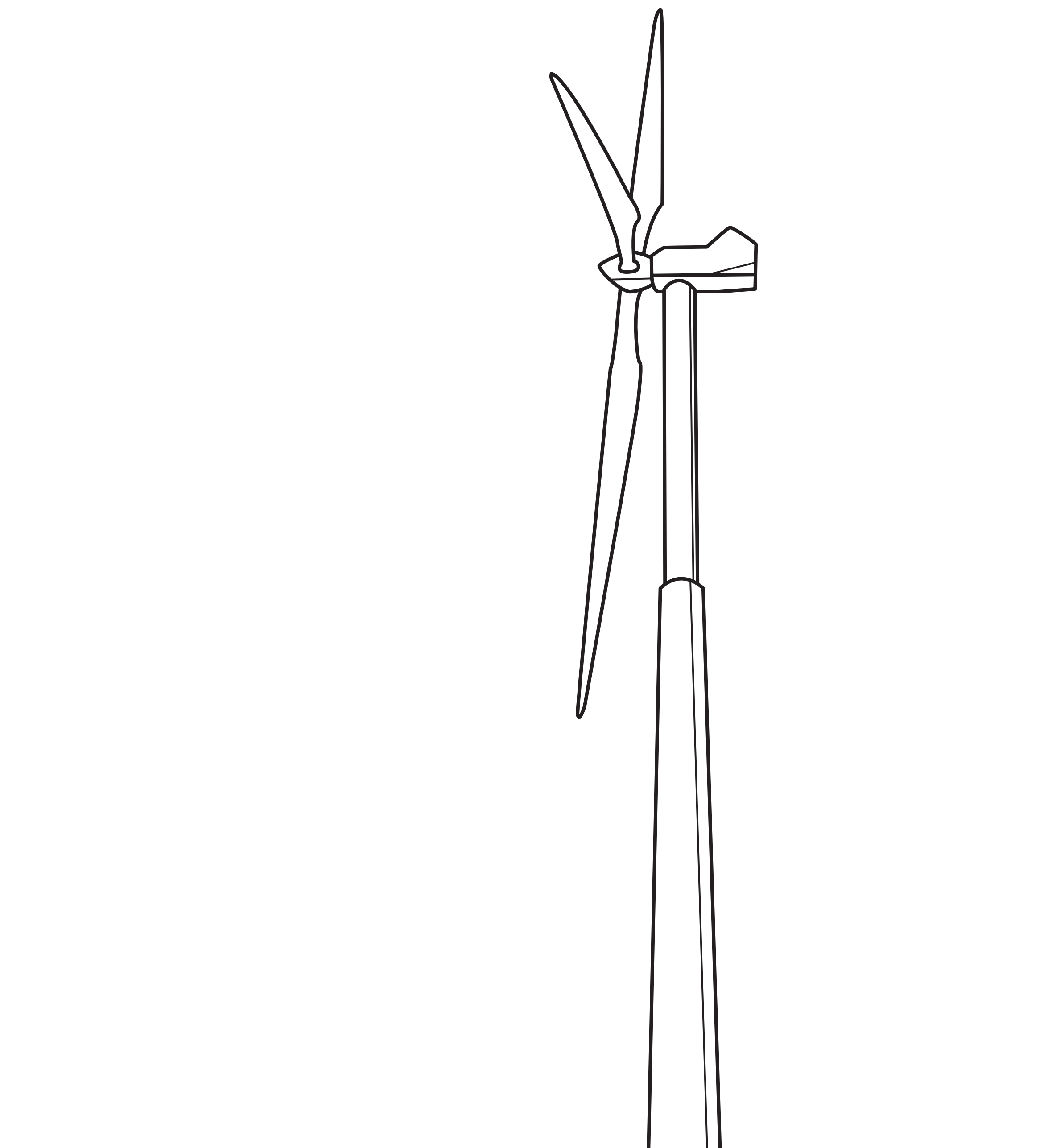
Restricted reserves							
Reserve for redenomination of capital in euros	Reserve for treasury shares	Treasury shares	Other reserves	Translation differences	Net profit for the year	Non-controlling interests	Total equity
1	22,639	(22,639)	825,126	(2,745)	220,050	2,338	1,258,717
-	-	-	4,703	5,212	320,224	2,130	311,216
-	-	-	164,368	-	(164,368)	-	-
-	-	-	-	-	(55,682)	-	(55,682)
-	8,186	(8,186)	(8,186)	-	-	-	(8,186)
-	-	-	-	-	-	2,045	2,045
1	30,825	(30,825)	986,011	2,467	320,224	6,513	1,508,110
-	-	-		(4,117)	114,666	(87)	115,271
-	-	-	272,160	-	(272,160)	-	-
-	-	-	-	-	(48,064)	-	(48,064)
-	1,485	(1,485)	(1,485)	-	-	-	(1,485)
-	-	-	4,111		-	-	4,111
-	-	-	(979)	-	-	(24)	(1,003)
-	-	-	-	-	-	(1,341)	(1,341)
1	32,310	(32,310)	1,259,818	(1,650)	114,666	5,061	1,575,599

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (NOTES 1 TO 6)

(Thousands of Euros)

	Notes	2009	2008(*)
CONSOLIDATED STATEMENTS OF CASH FLOWS FROM CONTINUING OPERATIONS			
Cash flows from operating activities:			
Profit before tax from continuing operations		121,738	181,258
Adjustments for-			
Depreciation and amortisation charge and provisions	Notas 10,11,20 y 29.e	217,437	297,452
Incentive plan	Notas 18.e y 29.c	4,111	-
Finance income and costs	Notas 29.f y 29.g	51,617	48,746
Gains on disposal of non-current assets	Nota 11	1,526	2,847
Net impairment losses on assets	Notas 10 y 11	1,840	-
Changes in working capital:			
Change in trade and other receivables		(203,744)	(26,369)
Change in inventories		384,931	(474,682)
Change in trade and other payables		(316,659)	245,694
Effect on working capital of changes in consolidation method and/or scope		(3,139)	62,625
Effect of translation differences on working capital of foreign companies		1,992	3,942
Provisions paid	Nota 22	(140,394)	(130,503)
Income taxes paid		(16,207)	(19,073)
Interest received		12,390	21,616
Net cash flows from operating activities (I)		117,439	213,553
Cash flows from investing activities:			
Acquisition of subsidiaries, net of existing cash items		(19,061)	7,172
Investments in intangible assets	Nota 10	(48,486)	(39,752)
Investments in property, plant and equipment	Nota 11	(79,271)	(120,080)
Investments in other non-current financial assets	Nota 13	(5,716)	(8,125)
Changes in working capital due to current financial assets		(242)	(50,856)
Proceeds from disposal of intangible assets and property, plant and equipment		6,054	-
Proceeds from disposal of non-financial and financial assets		2,212	14,926
Proceeds from disposal of subsidiaries		15,000	117,186
Net cash flows from investing activities (II)		(129,510)	(79,529)
Cash flows from financing activities:			
New bank borrowings		525,053	65,726
Dividends paid		(49,813)	(55,682)
Interest paid		(46,553)	(67,513)
Cash outflows relating to bank borrowings		(156,952)	(113,557)
Acquisition of treasury shares		(1,485)	(17,553)
Net cash flows from financing activities (III)		270,250	(188,579)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)		(7,150)	5,699
Effect of scope changes and of transfers to assets classified as held for sale on cash and cash equivalents (V)		-	(28,415)
Net increase in cash and cash equivalents from continuing operations (I+II+III+IV+V)		**251,029**	**(77,271)**
Cash and cash equivalents from continuing operations at beginning of year		550,409	627,680
TOTAL CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS AT END OF YEAR		801,438	550,409

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 37 and the Appendix are an integral part of the consolidated statement of cash flows for 2009.



GAMESA CORPORACIÓN TECNOLÓGICA, S.A.

AND SUBSIDIARIES COMPOSING THE GAMESA GROUP

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

1. Formation and description of the Group

Gamesa Corporación Tecnológica, S.A. ("the Company", "the Parent" or "Gamesa") was incorporated on 28 January 1976. Its registered office is currently located at Ramón y Cajal, 7-9, Vitoria-Gasteiz (Álava).

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

- Subscription of shares or equity investments in unlisted companies engaging in business activities.
- Acquisition of the shares or equity investments mentioned in the preceding point.
- Subscription of fixed-income securities issued by the companies in which it has ownership interests or the grant of participating and other loans to these companies for a term exceeding five years.
- Direct provision to investees of counselling, technical assistance and other similar services related to the management of investees, to their financial structure or to their production or marketing processes.
- Grant of participating loans for the acquisition of newly-built vessels which are intended for commercial shipping or fishing and not for sports or recreational activities or other private use in general.

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

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

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

The Gamesa Group currently operates as a manufacturing group and principal supplier of 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 turbines generators (WTGs)
Gamesa Energía, S.A. (Sole-Shareholder Company)	Development, promotion and sale of wind farms

In 2008 the business relating to the manufacturing and sale of solar-power facilities was sold (see Note 8). Also, at 31 December 2008, the Gamesa Group presented the wind farm development, promotion and sale business as a discontinued operation in its consolidated financial statements, by virtue of the strategic agreement with Iberdrola Renovables, S.A. In 2009 the Gamesa Group included the aforementioned line of business in its continuing operations once more, as a result of the structure and implementation of the Strategic Agreement of 13 June 2008, as detailed in Note 8 to the consolidated financial statements.

Information on the environment

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

2. Basis of Presentation of the Consolidated Financial Statements and Basis of Consolidation

a) Basis of presentation

The consolidated financial statements for 2009 of the Gamesa Group were formally prepared:

- By the directors of Gamesa, at the Board of Directors Meeting held on 24 February 2010.
- Since 2005, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). Note 3 includes a summary of the principal accounting policies and measurement bases applied in preparing the Gamesa Group's consolidated financial statements for 2009.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements.
- So that they present fairly the consolidated equity and consolidated financial position of the Gamesa Group at 31 December 2009, and the consolidated results of its operations, the consolidated changes in equity and consolidated cash flows at the Group in the year then ended.
- On the basis of the accounting records kept by Gamesa and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2009 (IFRSs) could differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards.

The consolidated financial statements of the Gamesa Group for 2008 were approved by the shareholders at the Annual General Meeting of Gamesa on 28 May 2009. The Group's 2009 consolidated financial statements have not yet been approved by the shareholders at the Annual General Meeting. However, the Board of Directors of Gamesa considers that these consolidated financial statements will be approved without any changes.

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

Standards and interpretations in force in 2009

IFRS 8, Operating Segments

The main new development introduced by this new standard, which replaces IAS 14, is that it requires an entity to adopt a management approach when reporting on the financial performance of its business segments. Generally, the information to be reported will be that used internally by management to assess segment performance and allocate resources to them.

The application of IFRS 8 supposed the redefinition of the operating segments reported by the Group (see Note 7) but did not have any impact on the Group's results or financial position.

Revision of IAS 23, Borrowing Costs

The principal change in this new revised version of IAS 23 is the elimination of the option of immediate recognition as an expense of borrowing costs associated with an asset that takes a substantial period of time to get ready for its intended use or sale. This new standard is applied prospectively. The application of this standard did not give rise to any changes in the Group's accounting policies.

Revision of IAS 1, Presentation of Financial Statements

The purpose of the fundamental changes to this standard is to improve the presentation of the information to enable users of consolidated financial statements to analyse changes in equity arising from transactions with the owners acting in their capacity as owners (e.g. dividends and the repayment of capital) separately from non-owner changes (e.g. transactions with third parties or income and expenses recognised directly in equity). The revised standard provides the option of presenting all income and expense items in a single statement with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group chose the latter option, which is consistent with that prepared in previous years.

IAS 1 also introduces new reporting requirements (presenting the balance sheet at an additional date) when the entity applies an accounting policy retrospectively, makes a restatement or reclassifies items in previously issued financial statements. This requirement did not have any impact in 2009 as this circumstance did not arise.

Amendments to IFRS 2, Share-based Payment

The objective of the amendments to IFRS 2 is basically to clarify in the standard the concepts of vesting conditions and cancellations in share-based payments. In view of the nature of these amendments, they did not have any effect on the consolidated financial statements

Amendments to IFRS 7, Financial Instruments - Disclosures

The fundamental amendments to IFRS 7 relate to the requirement to provide enhanced disclosures about fair value measurements and liquidity risk, the most significant of the former being the obligation to make disclosures about financial instruments measured at fair value using a fair value hierarchy.

In this respect, all the additional disclosures required are presented in Notes 19 and 21.

Note 36 provides a detail of the most significant standards, amendments and interpretations published by the IASB (International Accounting Standards Board), which at 31 December 2009 had not yet come into force.

Also, the following standards were applied in these consolidated financial statements and had no material effect on either the reported figures or on the presentation and disclosure thereof:

- Amendments to IAS 32 and IAS 1 - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives
- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 14 and IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

c) Functional currency

These consolidated financial statements are presented in thousands of euros, since the euro is the currency used in the main economic area in which the Gamesa Group operates. Transactions denominated in currencies other then the euro are recognised in accordance with the policies described in Note 3-f.

d) Responsibility for the information

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

e) Information relating to 2008

As required by IAS 1, the information relating to 2008 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with similar information relating to 2009 and, accordingly, it does not constitute the Gamesa Group's statutory consolidated financial statements for 2008.

As required by IFRS 5, and with the objective of improving the comparability of 2009 and 2008, the structure of the accompanying consolidated income statement for 2008 has been adjusted and the effect of the companies no longer classified as discontinued operations in 2009 has been included therein. Therefore, each item in the accompanying 2008 consolidated income statement relates to the item disclosed in the 2008 consolidated financial statements, increased or decreased by the amount contributed in 2008 by the companies no longer classified in 2009 as discontinued operations (see Note 8).

f) Basis of consolidation

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

The Gamesa Group considers that it has the capacity to exercise control over a subsidiary when it has sufficient power to govern its financial and operating policies so as to obtain benefits from its activities. Such control is presumed to exist when Gamesa owns, either directly or indirectly, more than 50% of the voting power of the investees.

The associates over which the Gamesa Group is in a position to exercise significant influence, but not control, were accounted for in the consolidated balance sheet using the equity method. For the purpose of preparing these consolidated financial statements, it was considered that the Gamesa Group is in a position to exercise significant influence over companies in which it has an investment of 20% or more of the share capital, except in specific cases where, although the percentage of ownership is lower, the existence of significant influence can be clearly demonstrated. Also, significant influence shall be deemed not to exist in cases where, although an ownership interest of more than 20% is held, the lack of significant influence can be clearly demonstrated. Significant influence is deemed to exist when the power to influence the financial and operating decisions of an investee is held.

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

The operations of Gamesa and of the consolidated subsidiaries were consolidated in accordance with the following basic principles:

- On acquisition of a subsidiary, its assets, liabilities and contingent liabilities are measured at their fair values. Any excess of the cost of acquisition of the subsidiary over the fair values of the aforementioned assets and liabilities relating to the Parent's ownership interest in the subsidiary is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the assets and liabilities is credited to the consolidated income statement.
- Goodwill arising as described in the preceding paragraph has not been amortised since 1 January 2004, the date of transition to IFRSs, although it is reviewed for impairment at least once a year (see Note 9).
- The result of accounting for ownership interests using the equity method (after eliminating results on intra-Group transactions) is reflected under "Equity - Of the Parent – Other Reserves" and "Results of Companies Accounted for Using the Equity Method" in the accompanying consolidated balance sheet and consolidated income statement, respectively. The equity method consists of initially recognising the investment at cost and subsequently adjusting it, based on the changes in the portion of the entity's net assets that corresponds to the investor, recognising in the investor's profit or loss the corresponding portion of the investee's result for the year (see Note 12).
- Purchases and sales of non-controlling interests in companies that are and continue to be subsidiaries both prior and subsequent to the aforementioned transactions are considered to be transactions between shareholders and, therefore, the payments made will be recognised in the Group's consolidated equity (see Note 24).
- The value of the ownership interest of non-controlling interests in the equity and results of the fully consolidated subsidiaries is presented under "Equity - Of Non-Controlling Interests" in the consolidated balance sheet and "Profit for the Year - Attributable to: Non-Controlling Interests" in the consolidated income statement.
- The financial statements of foreign companies were translated to euros using the year-end exchange rate method. This method consists of translating to euros all the assets, rights and obligations at the exchange rates prevailing at the date of the consolidated financial statements, the consolidated income statement items at the average exchange rates for the year, and equity at the historical exchange rates at the date of acquisition (or in the case of retained earnings at the average exchange rates for the year in which they were generated), and the differences are recognised with a charge or a credit, as appropriate, to "Equity - Of the Parent - Translation Differences" in the consolidated balance sheet.
- The accompanying consolidated financial statements include certain adjustments to bring the accounting policies and procedures applied by the subsidiaries into line with those of Gamesa.
- All balances and transactions between fully or proportionately consolidated companies were eliminated on consolidation.
- The total amount of taxable temporary differences associated with retained earnings of subsidiaries which will foreseeably be distributed in coming years and valued at the amount which is expected to be paid to the tax authorities at source was EUR 6,057 thousand in 2009 (see Note 27) and relate mainly to investees located in China. The effect of these temporary differences was not material in 2008.

g) Changes in the scope of consolidation

The most significant inclusions in the scope of consolidation in 2009 and 2008 were as follows:

Incorporation of new companies

The detail of the main companies incorporated in 2009 is as follows:

Incorporated company	Incorporating company	Initial percentage of ownership
Anqiu Taipingshan Wind Power Co. Ltd	Sistemas Energéticos Jaralón, S.A.	100%
Gamesa Morocco SARL	Gamesa Eólica, S.L. (Sole-Shareholder Company) (*)	100%
Gamesa Wind Romania S.R.L.	Gamesa Eólica, S.L. (Sole-Shareholder Company)	100%
International Wind Farm Developments IX, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
International Wind Farm Developments X, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Senate Wind, LLC	Gamesa Energy USA, Inc.	100%
Sistemas Energéticos Monte Genaro, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Sistemas Energéticos Sierra del Carazo, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
2Morrow Energy, LLC	Gamesa Energy USA, Inc.	100%
Crescent Ridge, LLC	Gamesa Energy USA, Inc.	100%
Minonk Wind, LLC	Gamesa Energy USA, Inc.	100%
Sistemas Energéticos Sierra de Valdefuentes, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Yishui Tangwangshan Wind Power Co., Ltd.	International Wind Farm Developments III, S.L.	100%
Diversified Energy Transmission, LLC	2Morrow Energy	100%
Jianping Shiyingzi Wind Power Co. Ltd	Sistemas Energéticos de Tarifa, S.L.	100%
Qgrid Technologies, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	60%
Rock River Wind, LLC	Gamesa Energy USA, Inc.	100%
Sandstone Wind, LLC	Gamesa Energy USA, Inc.	100%
Vaquillas Wind, LLC	Gamesa Energy USA, Inc.	100%
Whispering Prairie Wind, LLC	Gamesa Energy USA, Inc.	100%
Sandy Ridge Wind, LLC	Gamesa Energy USA, Inc.	100%
Wendeng Zhangjiachan Wind Power Co. Ltd	International Wind Farm Developments II, S.L.	100%
Gamren Eólico Solar, S.L.	Gamesa Energía, S.A. (Sole-Shareholder Company)	49%
Foel Fynyddau Renewable Energy Park Limited	Gamesa Energía, S.A. (Sole-Shreholder Company)	100%
Watford Gap Renewable Energy Park Limited	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Aberchalder Renewable Energy Park Limited	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Toftingall Renewable Energy Park Limited	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Pencoed Renewable Energy Park Limited	Gamesa Energía, S.A. (Sole-Shareholder Company)	100%
Lancaster Wind Farm, LLC	Gamesa Energy USA, Inc.	100%
Pomeroy Wind Farm, LLC	Gamesa Energy USA, Inc.	100%
White Wind Farm, LLC	Gamesa Energy USA, Inc.	100%

(*) Gamesa Eólica, S.L. (Sole-Shareholder Company) holds a 99% ownership interest in this company, whereas Gamesa Corporación Tecnológica, S.A. holds the remaining 1%.

The detail of the main companies incorporated in 2008 is as follows:

Incorporated company	Incorporating company	Initial percentage of ownership
Gamesa Trading Company Co Ltd.	Gamesa Wind Tianjin Co Ltd.	100%
Gamesa Wind Turbines PTV, Lda	Gamesa Eólica, S.L. (*)	100%
Sistemas Energéticos Vento Artabro, S.A.	Gamesa Energía, S.A.	80%
Xenerazion Eólica de Galiza, S.A.	Gamesa Energía, S.A.	65%
Zuromin S.p.Z.o.o.	Gamesa Energía, S.A.	100%
Krzecin S.p.Z.o.o.	Gamesa Energía, S.A.	100%

(*) Gamesa Eólica, S.L. (Sole-Shareholder Company) holds a 99% ownership interest in this company, whereas Gamesa Corporación Tecnológica, S.A. holds the remaining 1%.

Acquisition of new companies

As described in Note 20, on 22 October 2009, through the Group company Gamesa Eólica S.L. (Sole-Shareholder Company), the Gamesa Group exercised the purchase option for all of the shares of Pasajesol, S.L. (currently Sistemas Energéticos Almodóvar del Río, S.L. (Sole-Shareholder Company), by virtue of the loan agreement entered into by both companies. The amount paid on the acquisition plus the costs directly attributable to the combination was EUR 18,467 thousand. Cash and cash equivalents acquired at the acquisition date amounted to EUR 569 thousand.

The transaction was accounted for by the acquisition method of accounting, as follows:

THOUSANDS OF EUROS

	Carrying amount at the date of acquisition	Fair value adjustments (Note 3-c)	Fair value
Net assets acquired:	**value**		
Property, plant and equipment (Note 11)	adjustments (Note 3-c)	Fair	81,132
Current assets	value	-	1,948
Trade and other payables (*)	(64,613)	-	(64,613)
Total acquisition cost	(1,331)	19,798	18,467

* Including the loan from Gamesa amounting to EUR 59,525 thousand (see Note 20)

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

The contribution of this change in the scope of consolidation in 2009 as a percentage of revenue and consolidated profit for 2009 was not material, since the business combination took place at the end of October 2009.

Had this business combination been performed on 1 January 2009, the effect that it would have had on the results for 2009 would have been an increase of EUR 7 million in consolidated revenue and an increase of approximately EUR 2.8 million in consolidated profit.

The acquired company is included in the manufacturing segment (see Note 7) and is fully consolidated.

The other companies acquired in 2009 and 2008 were not material. The assets and liabilities contributed by these companies are not material (see Notes 10 and 11), and at the date of their inclusion in the scope of consolidation their carrying amount coincided with their fair value.

Changes in the consolidation method and/or exclusions from the scope of consolidation

In 2009 the most significant exclusions from the scope of consolidation of the Gamesa Group were as follows:

Company
North Allegheny Wind, LLC
Sistemes Energetics Comadats Serra Les Forques, S.A.
Sistemes Energetics Serra de Montargul, S.A.
Magnet 130 VV GmbH
Société du parc eolien talizat rezentieres II, S.A.
S.E. Monfero-Guitiriz, S.A.
Lipniki sp. W Zoo. Organizacji

In 2009 and 2008, all of the aforementioned companies were wholly-owned by Gamesa until they were effectively excluded from the scope of consolidation.

In 2009 there were no changes in the consolidation method of the companies which form part of the Gamesa Group.

3. Accounting principles and policies and measurement bases applied

a) Revenue recognition

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

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

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

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

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

b) Stage of completion

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

- There is a firm obligation for the buyer.
- The total contract revenue can be measured reasonably reliably.
- Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably.
- If the contract is unilaterally terminated by the buyer, the latter is obliged to compensate the Gamesa Group for at least the costs and profit margin accrued up to the date of termination.

This policy involves the recognition as revenue in the consolidated income statement of the result of applying to the estimated overall profit margin on each contract for the sale of wind farms the stage of completion of the wind farm at the end of the reporting period. The stage of completion of wind farm sale contracts is measured by reference to technical criteria in the case of wind farm development (location of sites, obtainment of permits and authorisation for the connection of the wind farm to the grid) and in accordance with economic criteria in the case of the construction of WTGs.

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

The Gamesa Group recognises the total cost incurred in reaching the related stage of completion under “Trade and Other Receivables” and “Trade Receivables from Related Companies” in the consolidated balance sheet with a credit to “Revenue” in the consolidated income statement. Also, the costs incurred in the manufacture of WTGs are recognised with a charge to “Procurements” in the consolidated income statement, whereas those incurred in the construction of wind farms are recognised with a charge to “Changes in Inventories of Finished Goods and Work in Progress” (see Note 17).

If the total estimated costs exceed the contract revenue, the related loss is recognised immediately in the consolidated income statement.

c) Goodwill

Goodwill arising on consolidation represents the difference between the price paid in acquiring the fully consolidated subsidiaries and the portion corresponding to the Group's share of the market value of the items making up the net assets of those companies at the date of acquisition. Goodwill arising in the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

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

d) Disposal groups, assets classified as held for sale and profit from discontinued operations

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

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

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

Assets and disposal groups classified as held for sale are measured in the consolidated balance sheet at the lower of carrying amount and fair value less costs to sell (see Note 8). Also, non-current assets are not depreciated while they are classified as held for sale.

A discontinued operation is a business that has been sold or otherwise disposed of, or that has been classified as held for sale whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

e) Leases

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

Assets held under finance leases are classified in the appropriate asset category in the consolidated balance sheet based on their nature and function at the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus the purchase option, with a credit to "Bank Borrowings" in the consolidated balance sheet. These assets are depreciated using methods similar to those used for the assets owned by the Gamesa Group (see Note 11).

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

f) Foreign currency

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

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

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

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

The hedges that the Gamesa Group uses to reduce foreign currency risk are described in Note 21.

The detail of the equivalent euro value of the monetary assets and liabilities denominated in currencies other than the euro of the Gamesa Group at 31 December 2009 and 2008 is as follows:

EQUIVALENT VALUE IN THOUSANDS OF EUROS

	2009		2008	
Currency	Assets	Liabilities	Assets	Liabilities
Pound sterling	358	4,403	216	70
US dollar	97,674	93,231	240,665	173,515
Japanese yen	125	2,493	1,486	4,246
Egyptian pound	10,856	6	-	7,623
Chinese yuan	142,067	12,053	54,267	1,073
Polish zloty	20,185	11	-	2,556
Indian rupee	3,756	7,506	-	-
Other currencies	15,815	81	4,269	99
Total	290,836	119,784	300,903	189,182

The detail, by nature, of the main foreign currency balances is as follows:

EQUIVALENT VALUE IN THOUSANDS OF EUROS

	2009		2008	
Nature of the balances	Assets	Liabilities	Assets	Liabilities
Accounts receivable	64,524	-	211,287	-
Cash and cash equivalents	226,312	-	89,616	-
Accounts payable	-	19,800	-	123,520
Bank borrowings (Note 19)	-	99,984	-	65,662
Total	290,836	119,784	300,903	189,182

g) Government grants

Government grants related to assets and other financial aid (see Note 23) are deducted from the carrying amount of the assets financed by them and, therefore, they reduce the annual depreciation/amortisation charge relating to each asset over its useful life (see Notes 10 and 11).

Grants related to income are allocated to income in the year in which the related expenses are incurred. “Other Operating Income” in the consolidated income statements for 2009 and 2008 includes EUR 237 thousand and EUR 271 thousand, respectively, in this connection (see Note 29 a).

h) Classification of current and non-current liabilities

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

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

Accordingly, regardless of the repayment schedule contractually relating to this financing, the total amount of financing assigned to the wind farms that will foreseeably be sold within twelve months from year-end is classified at current.

i) Income tax

Since 2002 Gamesa and certain subsidiaries located in the Basque Country subject to Álava corporation tax legislation have filed income tax returns under the special consolidated tax regime pursuant to Álava Corporation Tax Regulation 24/1996, of 5 July. The Parent of the related tax group is Gamesa Corporación Tecnológica, S.A. (see Note 27).

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

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

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

j) Property, plant and equipment-

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

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

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

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

	Average years of estimated useful life
Buildings	20 - 33
Plant and machinery	5 - 10
Other items of property, plant and equipment	3 - 10

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

k) Intangible assets

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

Internally generated intangible assets - Development expenditure

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

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

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

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

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

Amortisation of development expenditure begins when the projects are in the conditions necessary for them to be capable of operating in the manner initially intended by the Gamesa Group. The expenditure is amortised on a straight-line basis over the estimated period of time that the new product will generate economic benefits. These projects relate mainly to new models of WTGs which the Group basically estimates to have a sale period of five years (see Note 10).

Concessions, patents, licences, trademarks and similar items

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

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the management of the Gamesa Group are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

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

l) Impairment of assets

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

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

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

The discount rates used by the Gamesa Group are based on the weighted average cost of capital (WACC), which is between 7% and 10%, depending on the risks associated with each specific asset (see Note 9).

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

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

m) Inventories

This line item in the consolidated balance sheet includes the assets that the Gamesa Group:

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

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

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

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

If a wind farm held for sale has been in operation for over one year and has no related third-party purchase commitment, purchase option or similar agreements, the non-current assets assigned thereto are transferred from “Inventories” to “Property, Plant and Equipment - Property, Plant and Equipment in Use” in the consolidated balance sheet.

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

n) Financial assets and liabilities

Financial assets

Financial assets are initially recognised at acquisition cost, including transaction costs.

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

- **Financial assets classified at fair value through profit or loss.** These assets have certain of the following characteristics:
  - The Gamesa Group intends to generate a profit from short-term fluctuations in their prices.
  - They have been included in this asset category since initial recognition, provided that they are quoted on an active market or that their fair value can be estimated reliably.

  The financial assets included in this category are stated in the consolidated balance sheet at fair value, and the changes in fair value are recognised under “Finance Costs” and “Finance Income”, as appropriate, in the consolidated income statement.

  The Gamesa Group recognised in this category derivative financial instruments which, although they are effective as hedges in accordance with the Gamesa Group’s risk management policies, do not qualify for hedge accounting under IAS 39, Financial Instruments. At 31 December 2009 and 2008, the impact of these financial instruments on the accompanying consolidated financial statements is not material (see Note 21).

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

At 31 December 2009 and 2008, the Gamesa Group did not have any financial assets in this category.

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

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

  However, investments in the share capital of unlisted companies whose fair value cannot be measured reliably are measured at acquisition cost. This procedure was used for all the available-for-sale financial assets at 31 December 2009 and 2008 (see Note 13).

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

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Bank borrowings and other financial liabilities

Loans, bonds and other interest-bearing items are initially recognised at the amount received, net of direct issue costs, under "Bank Borrowings" in the consolidated balance sheet. Borrowing costs are recognised on an accrual basis in the consolidated income statement using the effective interest method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Also, obligations under finance leases are recognised at the present value of the lease payments under this consolidated balance sheet heading (see Note 19).

Trade payables

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

Derivative financial instruments and hedge accounting (see Note 21)

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

- In the case of fair value hedges, changes in the fair value of the derivative financial instruments designated as hedges and changes in the fair value of a hedged item due to the hedged risk are recognised with a charge or credit, as appropriate, to the consolidated income statement.
- In the case of cash flow hedges and hedges of a net investment in a foreign operation, the changes in the fair value of the hedging derivatives are recognised, in respect of the ineffective portion of the hedges, in the consolidated income statement, and the effective portion is recognised under "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" and "Equity - Of the Parent - Translation Differences", respectively, in the consolidated balance sheet.

  If a hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, this balance is taken into account in the initial measurement of the asset or liability arising from the hedged transaction. If a hedge of a firm commitment or forecasted transaction does not result in the recognition of a non-financial asset or a non-financial liability, the amount recognised under "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" in the consolidated balance sheet is recognised in the consolidated income statement in the same period as that in which the hedged item affects the net profit or loss.

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

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

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

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

- The market value of derivatives listed on an organised market is their market price at year-end.
- To measure derivatives not traded on an organised market, the Gamesa Group uses assumptions based on year-end market conditions. Specifically, the fair value of interest rate swaps is calculated by discounting at a market interest rate the difference between the swap rates, and the market value of foreign currency forward contracts is determined by discounting the estimated future cash flows using the forward rates existing at year-end. This procedure is also used, where appropriate, to determine the fair value of loans and receivables.

Financial liabilities and equity instruments

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

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

Derecognition of financial instruments

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

The Group derecognises the collection rights assigned (factored) and drawn down, since the rewards, rights and risks associated with these accounts receivable are contractually transferred to the factor, and, specifically, the factor assumes the related bad debt risk.

ñ) Treasury shares of the Parent-

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

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

o) Provisions

A distinction is drawn between:

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

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

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

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

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the best estimate of the expenditure required by the Gamesa Group to settle its liability, calculated on the basis of historical information and reports drawn up by the Technical Department (see Note 22).

Litigation and/or claims in progress

At 31 December 2009, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its directors consider that the provisions recognised for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the financial statements for the years in which they are settled (see Note 22).

At 31 December 2009 and 2008, there were no unrecognised material contingent liabilities or provisions.

p) Termination benefits

Under current labour legislation, the consolidated companies are required to pay termination benefits to employees terminated under certain conditions.

“Staff Costs” in the consolidated income statements for 2009 and 2008 includes EUR 1,863 thousand and EUR 2,571 thousand, respectively, relating to termination benefits (see Note 29-c).

The Gamesa Group does not expect any significant dismissals or terminations to arise in the future and, accordingly, no provision was recorded in this connection in the accompanying consolidated balance sheet at 31 December 2009.

q) Share-based payments

Equity-settled share-based payments are measured at the fair value of these obligations at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the Gamesa Group's estimate of the shares that will eventually vest (see Note 18-e).

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

For cash-settled share-based payments, a liability equal to their current fair value determined at each balance sheet date is recognised. In the case of equity-settled share-based payments, this fair value is charged to “Staff Costs” in the consolidated income statement with a credit to “Equity - Of the Parent - Other Reserves” in the consolidated balance sheet (see Note 18-e).

r) Other obligations to employees

Incentive plan

At its meeting held on 28 March 2007, the Board of Directors of the Gamesa Group approved an incentive plan awarded by Gamesa to 49 executives. The executives included in this plan were those who were appointed during the term of the 2006-2008 Business Plan and executives promoted to key management positions within the new organisational model.

The vesting period of the plan was from 1 January 2006 to 31 December 2008 and was paid in full in June 2009 (EUR 4,533 thousand), once the level of attainment of the strategic objectives had been verified and the Annual General Meeting had approved the 2008 financial statements.

s) Consolidated cash flow statement

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

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

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the Gamesa Group companies and other activities that are not investing or financing activities.
- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of the equity and borrowings that are not operating activities.

t) Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

Basic earnings per share in 2009 and 2008 coincided with diluted earnings per share, since there were no potential shares outstanding in those years (see Note 35).

u) Dividends

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

4. Financial risk management policy

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

a) Market risk (foreign currency risk)

This risk arises as a result of the international transactions carried out by the Gamesa Group in the ordinary course of its business. Certain items of income are denominated in US dollars and, to a lesser extent, in currencies other than the euro, whereas a significant portion of its costs are denominated in euros. Therefore, if the Gamesa Group did not use financial instruments to hedge its net exposure to current and future foreign currency risk, its earnings could be affected by fluctuations in the 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 main foreign currency balances at 31 December 2009 and 2008 are detailed in Note 3-f to the accompanying consolidated financial statements.

The Group generally uses currency forwards to hedge this risk (see Note 21).

b) Iterest rate risk

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

The Gamesa Group has arranged substantially all of its borrowings at floating rates and uses hedging instruments, where appropriate, to minimise the risk, basically when the financing is at long term with the concomitant risk. The hedging instruments assigned specifically to debt instruments are limited to a maximum of the same nominal amounts and have the same established maturities as the hedged items (see Note 21).

The debt structure at 31 December 2009 and 2008, drawing a distinction between fixed and floating rate borrowings (see Note 19), is as follows:

THOUSANDS OF EUROS

	2009		2008	
	Excluding hedges	Including hedges	Excluding hedges	Including edges
Fixed rate	-	453,113	-	350,000
Floating rate	1,084,477	194,723	465,608	115,608

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

c) Liquidity risk-

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

Also, in 2009 the Gamesa Group had an average of unused credit facilities equal to approximately 44.11% of the bank financing drawn down (2008: 87%).

d) Credit risk-

The Gamesa Group is exposed to credit risk to the extent that a counterparty or customer does not meet its contractual obligations. Therefore, products and services are only sold to customers with an appropriate credit track record. In addition, since the Gamesa Group operates in the electricity industry, it has a customer base with a very good creditworthiness. However, in the case of international sales to non-recurring customers, mechanisms such as irrevocable letters of credit and insurance policies are used to ensure collection. Also, the financial solvency of customers is analysed and specific terms and conditions are included in contracts aimed at guaranteeing payment of the stipulated price (see Note 15).

Excluding the guarantees already arranged by the Gamesa Group, at 31 December 2009 the total credit risk would amount to EUR 1,945,305 thousand (31 December 2008: EUR 1,632,696 thousand) (see Note 15).

5. Estimates and sources of uncertainty

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

- The Gamesa Group recognises by reference to the stage of completion revenue from wind farm and WTGS sale contracts that meet the requirements established in this connection (see Note 3-b). This requires that a reliable estimate must be made of the revenue from each contract and the total contract costs, as well as of the percentage of completion at year-end from technical and economic standpoints.
- As indicated in Note 3-l, each year the Gamesa Group reviews its assets to determine whether there is any indication that an impairment loss has been suffered, including goodwill and intangible assets that have not yet come into service, and, therefore, it has to estimate their recoverable amount.
- At each year-end the Gamesa Group estimates the current provisions required for warranties for possible repairs and start-up costs that the Group will have to incur in connection with sales of WTGs (see Notes 3-o and 22).

- The Gamesa Group used certain assumptions in order to calculate the liability arising from obligations to employees (see Note 3-q and 18-e)
- At year-end the Gamesa Group analyses its accounts receivable and, on the basis of its best estimates, quantifies the amount thereof that could be uncollectible (see Note 15).
- At each year-end the Gamesa Group estimates its contingent liabilities (see Notes 3-o and 22).
- The Gamesa Group recognises deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured. In this respect, the Gamesa Group considers that the recoverability of certain tax assets recognised by the companies in the Basque Country tax group (see Note 27) is guaranteed by including in the tax group, where possible, companies with taxable profits or through other operating and commercial measures which are also available to the Gamesa Group and under its control.

Although these estimates were made on the basis of the best information available at 31 December 2009 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

6. Distribution of profit

The distribution of the profit for 2009 that the Board of Directors of Gamesa Corporación Tecnológica, S.A. will propose to the shareholders at the Annual General Meeting for their approval is as follows:

	THOUSANDS OF EUROS
Distributable profit:	
Profit for the year	104,779
	104,779
Distribution:	
To voluntary reserves	104,779
Total	104,779

In addition, at the date of formal preparation of these consolidated financial statements, the Board of Directors of Gamesa had resolved to propose a new shareholder remuneration system at the General Meeting. If this new system is ultimately approved, it will be implemented during the second half of 2010. Under this system, Gamesa would offer its shareholders a new alternative which would enable them to receive bonus shares from the Company without limiting their possibility of receiving 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. During 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 in accordance with the price of the bonus issue rights).

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

7. Segment reporting

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

The segments were taken to be business units, since the Gamesa Group is organisationally structured in this manner, and the internal information generated for the Board of Directors and senior management is also structured in this way. Information is presented on the main segments and the "Consolidation Adjustments" column includes the adjustments and eliminations arising from the consolidation process.

The operating segments identified are as follows:

- Manufacture of WTGs and wind power components ("Manufacturing")
- Development, promotion and sale of wind farms ("Generation"). This segment was presented in the 2008 consolidated financial statements as a discontinued operation. In 2009 as a result of the structure and implementation of the strategic agreement entered into with Iberdrola Renovables, S.A. (see Notes 1, 8 and 32), the Gamesa Group recognised this segment once more in its continuing operations. Consequently, as required by IFRS 5, and with the objective of improving the comparability of 2009 and 2008 (see Note 2-e), the segment reporting disclosures relating to the income statement for 2008 have been modified.

As a result of the entry into force of IFRS 8 (see Note 2-b), Gamesa has adopted a "management approach" in order to report on the financial performance of its business segments. The impact of this new approach related basically to presentation and disclosure and was applied to both the figures for 2009 and 2008, without being material in either case.

Segment information about these operating segments is presented below:

a) Revenue

The breakdown, by segment, of consolidated revenue for the years ended 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

SEGMENT	2009	2008
Manufacturing	3,113,979	3,646,175
Generation	520,116	412,499
Consolidation adjustments	(447,010)	(238,230)
Revenue from continuing operations	3,187,085	3,820,444

THOUSANDS OF EUROS

SEGMENT	2008
Solar power	32,494
Revenue from discontinued operations (Note 8)	32.494

b) Net profit

The breakdown, by segment, of the contribution to the profit after tax for the years ended 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

SEGMENT	2009	2008
Manufacturing	143,666	156,752
Generation	(25,753)	22,125
Consolidation adjustments	(3,263)	(1,756)
Net profit for the year from continuing operations	114,666	177,121

THOUSANDS OF EUROS

SEGMENT	2008
Solar power	143,103
Net profit for the year from discontinued operations (Note 8)	143,103

c) Investment in assets

The detail of the total cost incurred in the acquisition of property, plant and equipment and other non-current intangible assets in the years ended 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	2009		2008	
	Other intangible assets	Property, plant and equipment	Other intangible assets	Property, plant and equipment
Manufacturing	48,434	78,803	39,476	118,355
Generation	52	468	276	1,725
Investment in assets from continuing operations	48,486	79,271	39,752	120,080

d) Depreciation and amortisation charge and provisions

The breakdown, by segment, of the depreciation and amortisation charge and of the expense relating to provisions for the years ended 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

SEGMENT	2009	2008
Manufacturing	204,324	287,755
Generation	13,113	9,697
Depreciation and amortisation charge and provisions for continuing operations	217,437	297,452

e) Assets and liabilities

The detail, by segment, of the assets and liabilities at 31 December 2009 is as follows:

THOUSANDS OF EUROS

	Manufacturing	Generation	Consolidation adjustments	Total at 12/31/09
Property, plant and equipment and other intangible assets	565,283	4,675	(1)	569,957
Goodwill and other non-current assets	773,691	218,518	(281,879)	710,330
Current assets	2,762,201	1,394,888	(525,247)	3,631,842
Total assets	4,101,175	1,618,081	(807,127)	4,912,129
Equity	1,249,863	626,961	(301,225)	1,575,599
Bank borrowings and other financial liabilities	769,905	314,572	-	1,084,477
Other non-current liabilities	354,285	6,497	-	360,782
Other current liabilities	1,727,122	670,051	(505,902)	1,891,271
Total equity and liabilities	4,101,175	1,618,081	(807,127)	4,912,129

The detail, by segment, of the assets and liabilities at 31 December 2008 is as follows:

THOUSANDS OF EUROS

	Manufacturing	Generation	Consolidation adjustments	Total at 12/31/08
Property, plant and equipment and other intangible assets	467,308	5,929	(5,929)	467,308
Goodwill and other non-current assets	738,338	83,310	(237,617)	584,031
Current assets	3,300,866	711,906	(1,089,945)	2,922,827
Assets classified as held for sale (Note 8)	-	-	801,145	801,145
Total assets	4,506,512	801,145	(532,346)	4,775,311
Equity	1,128,627	538,282	(158,799)	1,508,110
Bank borrowings and other financial liabilities	581,821	247,757	(363,970)	465,608
Other non-current liabilities	370,687	11,833	(11,833)	370,687
Other current liabilities	2,425,377	3,273	(260,607)	2,168,043
Liabilities associated with assets classified as held for sale (Note 8)	-	-	262,863	262,863
Total equity and liabilities	4,506,512	801,145	(532,346)	4,775,311

Geographical information

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

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

The most significant disclosures in this connection are as follows:

a) Revenue

The breakdown, by geographical segment, of revenue at 31 December 2009 and 2008 is as follows:

	31/12/09		31/12/08	
Geographical area	Thousands of Euros	%	Thousands of Euros	%
Spain	990,744	31.1%	2,068,447	54.1%
Rest of Europe	1,045,798	32.8%	560,002	14.7%
US	567,235	17.8%	580,973	15.2%
China	235,367	7.4%	256,035	6.7%
Rest of the world	347,941	10.9%	354,987	9.3%
Total	3,187,085	100.0%	3,820,444	100.0%

b) Total assets

The detail, by geographical segment, of the total assets at 31 December 2009 and 2008 is as follows:

	31/12/09		31/12/08	
Geographical area	Thousands of Euros	%	Thousands of Euros	%
Spain	3,252,535	66.2%	3,538,680	74.1%
Rest of Europe	457,588	9.3%	263,562	5.5%
US	627,079	12.8%	777,643	16.3%
China	250,114	5.1%	160,374	3.4%
Rest of the world	324,813	6.6%	35,052	0.7%
Total	4,912,129	100.0%	4,775,311	100.0%

c) Investment in assets

The detail, by geographical segments of the investment in property, plant and equipment and other no-current intangible asset in 2009 and 2008 is as follows:

Geographical area	31/12/09		31/12/08	
	Thousands of Euros	%	Thousands of Euros	%
Spain	113,031	88.5%	136,720	85.6%
Rest of Europe	1,417	1.1%	163	0.1%
US	8,949	7.0%	14,126	8.8%
China	2,561	2.0%	8,782	5.5%
Rest of the world	1,799	1.4%	41	0.0%
Total	127,757	100.0%	159,832	100.0%

8. Profit from discontinued operations and assets classified as held for sale

The detail of "Profit for the Year from Discontinued Operations" in the consolidated income statements at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS	2009	2008
Solar power business		
Profit for the year from the Solar power business	-	1,264
Profit before tax on disposal of the Solar power business	-	140,489
Income tax attributable to the disposal	-	1,350
Net profit on disposal of the Solar power business	-	143,103
Total	-	143,103

At 31 December 2009, the Gamesa Group had not recognised any amounts in relation to assets classified as held for sale or profit from discontinued operations, since it considered that at that date, the terms and conditions established by the regulations in this connection (see Note 3-d) had not been met.

Solar power business – Disposal in 2008

On 28 February 2008, Gamesa and Toler Inversiones 2007, S.L. (Sole-Shareholder Company) entered into a private purchase and sale agreement for the latter to acquire the engineering, promotion and provision of turn-key services business relating to the installation of solar PV plants, and to also engage in solar thermal activities. The execution of this agreement was conditional upon compliance with certain conditions precedent.

Once these conditions had been met, on 24 April 2008, Gamesa executed this sale by transferring all of the shares of Gamesa Solar, S.A. (Sole-Shareholder Company) (see Note 1) and of the other Gamesa companies engaged in the aforementioned business activity.

The detail of the carrying amount of the net asset disposals at the effective date of the transaction was as follows:

Concept	Thousands of Euros
- Property, plant and equipment	2,065
- Other intangible assets	403
- Deferred taxes	(16)
- Receivables and other current assets	132,541
- Cash and cash equivalents	28,415
- Payables and other liabilities	(127,857)
- Other	13
Net asset disposals	35,564

The purchase and sale agreement was ultimately concluded for EUR 213,856 thousand. Of this sale price, EUR 20,000 thousand were subject to compliance by the companies sold, of certain gross margin levels in 2008, obtained from the financial statements of the companies sold. These levels were not reached in 2008 and, accordingly, the final price of the transaction was decreased by the aforementioned amount. Consequently, after including all the expenses required for the sale and certain costs arising from the companies disposed of which were passed on to Gamesa, the consolidated profit from the transaction amounted to EUR 143,103 thousand and was recognised under "Profit for the Year from Discontinued Operations" in the accompanying consolidated income statement for 2008.

Of the total final selling price, EUR 117,186 thousand were collected on the date on which the purchase and sale agreement was signed. In 2008 partial collections were made at the rate of, and in accordance with, the terms and conditions of the agreement.

At 31 December 2009, Gamesa had not yet collected EUR 65,495 thousand (31 December 2008: EUR 60,000 thousand), relating to the loan granted by Gamesa to the buyer Toler Inversiones, S.L., as established in the agreement and to the accrued interest capitalised from the grant date of the loan to year-end, which will be repaid when the principal falls due in April 2012. This amount is recognised under "Non-Current Financial Assets – Other Non-Current Financial Assets" on the asset side of the accompanying consolidated balance sheet (see Note 13).

Generation business – Operation discontinued in 2008

On 13 June 2008, Gamesa and Iberdrola Renovables, S.A. (a subsidiary of Iberdrola, S.A., see Notes 1, 18 and 32) agreed:

- That Iberdrola Renovables would acquire the wind-power projects owned by the Group company Gamesa Energía S.A. (Sole-Shareholder Company) in the UK, Mexico and the Dominican Republic with an overall capacity of more than 900 MW and, as appropriate, the promotion, development and operation activities related to these projects.
- To pool the wind farm promotion, development and operation businesses of Gamesa and Iberdrola Renovables, S.A. in Spain and in certain European countries and the projects related thereto, irrespective of their stage of development, by contributing them to two or more vehicles which would be wholly owned by both parties. To begin with, two vehicles were initially expected to be created; one for the businesses in Spain and another for the businesses abroad. The ownership interest in the share capital of the vehicles was defined based on the estimate made by the parties relating to the entry into service of the projects included in the businesses as from 1 January 2008 (with the exception of certain projects identified in the initial strategic agreement); and the value of these projects in accordance with, inter alia, the MW and estimated production of each one. The Gamesa Group was initially expected to have a 23% ownership interest in the share capital of the company to which the businesses in Spain would be contributed (Iberdrola Renovables, S.A. would own the remaining 77%), with the possibility of increasing its ownership interest to 32% provided that certain conditions were met; and 24% of the share capital of the company to which the businesses abroad would be contributed (Iberdrola Renovables would own the remaining 76%).

The Gamesa Group considered that the execution of this agreement would lead to the loss of effective control over these projects. The aforementioned percentages of ownership initially established by the Gamesa Group and Iberdrola Renovables, S.A. were subsequently ratified by an independent expert.

By virtue of the initial strategic agreement entered into, the Gamesa Group and Iberdrola Renovables, S.A. undertook to maintain their ownership interests in the share capital of the vehicles until 31 December 2010, with the only exception being that prior, written consent were obtained from the other party. From 1 January 2011, Iberdrola Renovables, S.A. would be free to transfer its ownership interest in the share capital of the vehicles, while Gamesa would have the tag-along right and the right of first refusal.

The initial strategic agreement also established that from 1 January 2011 the Gamesa Group would only be able to transfer its entire ownership interest in the share capital of the vehicles to Iberdrola Renovables, S.A., through exercising purchase and sale options. However, Gamesa would be allowed to transfer its entire ownership interest in the share capital of the vehicles to a third party provided that it had obtained the prior, written consent of Iberdrola Renovables, S.A., and the third party is subject to all the restrictions, terms and conditions applicable to the Gamesa Group.

At 31 December 2008, Gamesa and Iberdrola Renovables were finalising the definitive agreement and Gamesa's directors considered that the definitive agreement would be executed in full during the first few months of 2009, thereby complying with the requirements established in IFRS 5 described in Note 3-d. Consequently, Gamesa recognised the wind farm promotion, development and operation businesses in the countries included in the strategic agreement as discontinued operations in the consolidated financial statements for 2008. Although the activities relating to the promotion, development and operation of wind farms by Gamesa in the US and China were not included in the aforementioned initial strategic agreement with Iberdrola Renovables, S.A., in 2008 Gamesa's Board of Directors devised a plan to sell these lines of business which were expected to be sold in 2009. Consequently, given that they met all of the requirements established in IFRS 5 (Note 3-d), they were also included as assets classified as held for sale within the generation business.

Subsequently to entering into this initial strategic agreement, the Gamesa Group and Iberdrola Renovables, S.A. continued negotiations on how to carry out the aforementioned transaction through an alternative execution structure to that envisaged, so that in accordance with both parties, such implementation, would be adapted to current market conditions and avoid the legal and tax complexities which affected the execution thereof under the terms and conditions initially envisaged. Therefore, on 23 September 2009, the Gamesa Group and Iberdrola Renovables S.A. signed a document establishing the implementation structure of the previous strategic agreement. The most significant changes compared to the initial strategic agreement were as follows:

1) Scope

In relation to the sale of the projects owned by the Gamesa Group in the UK, Mexico and the Dominican Republic envisaged in the initial strategic agreement, both parties agreed that:

a) The UK is included in the territory of the strategic agreement. Accordingly, the aforementioned territory comprises Spain, France, Greece, Poland, Portugal, Italy, Germany, Bulgaria, Romania, Sweden, Hungary, Estonia, Russia, Cyprus and the UK.

b) Iberdrola Renovables, S.A. would purchase the wind-power projects of the Gamesa Group in Mexico based on the previously existing agreements.

c) Iberdrola Renovables, S.A. would not purchase the wind-power projects of the Gamesa Group in the Dominican Republic.

2) Implementation stages of the agreement

The strategic agreement is implemented in two phases:

(i) From the date on which the strategic agreement was entered into until 30 June 2011, the Gamesa Group and Iberdrola Renovables, S.A. will continue to independently manage their respective wind-power projects in the aforementioned territory, creating an Advisory Committee, on an equal-footing basis, responsible for monitoring the execution of the agreement. During this phase, the parties' powers of disposal shall not be affected.

(ii) From 1 July 2011, both parties are entitled to exercise a put or call option on the businesses of the Gamesa Group. The strategic agreement may be implemented through one of the following two alternatives, at the discretion of Iberdrola Renovables, S.A.:

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

3) Grant of options

The Gamesa Group and Iberdrola Renovables, S.A. grant each other cross options on the businesses of the Gamesa Group. If neither of the parties has exercised their respective options once the exercise period has expired, the strategic agreement shall be automatically terminated.

The pooling of the businesses would also involve the grant of cross put and call options between the parties on the Gamesa Group's ownership interest in the share capital of the SPV. These options are exercisable from the third year after which the businesses have been pooled.

4) Conditions precedent

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

At 31 December 2009, by virtue of the new implementation structure agreed upon with Iberdrola Renovables S.A., Gamesa's directors considered that the wind farm promotion, development and operation businesses in the countries included in the agreement did not meet the requirements established in IFRS 5 (see Note 3-d), and, therefore, the assets and liabilities associated with those businesses were reclassified under the corresponding headings in the accompanying consolidated balance sheet at 31 December 2009. Also, as required by IFRS 5, and with the objective of improving the comparability of 2009 and 2008 (see Note 2-e), the structure of the consolidated income statement for 2008 was adjusted and the effect of the companies no longer classified as discontinued operations in 2009 were included therein.

Gamesa's Board of Directors also halted its plan to sell the wind farm promotion, development and operation businesses in the US and China. Gamesa will obtain profits from these businesses by operating, rather than selling them. Consequently, at 31 December 2009, Gamesa's directors considered that these lines of business no longer met the requirements established by IFRS 5 in order to be considered as assets classified as held for sale, and were recognised in a similar manner to the transaction described in the preceding paragraph.

At 31 December 2009, the Gamesa Group had no line of business classified as held for sale.

Consolidated income statement relating to discontinued operations

The main headings in the consolidated income statement relating to the lines of business classified as discontinued operations in 2008 are as follows:

THOUSANDS OF EUROS

	2008	
	Solar power business	Total
Revenue	32,494	32,494
Other operating income	1,965	1,965
Depreciation and amortisation charge and provisions	-	-
Other expenses	(31,623)	(31,623)
PROFIT BEFORE TAX	2,836	2,836
Attributable income tax	(1,572)	(1,572)
PROFIT FOR THE YEAR	1,264	1,264
Gains on disposal	140,489	140,489
Attributable income tax	1,350	1,350
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	143,103	143,103

9. Goodwill

The changes in "Goodwill" in the consolidated balance sheets in 2009 and 2008 were as follows:

THOUSANDS OF EUROS

	Balance at 01/01/08	Transfer to assets classified as held for sale (Note 8)	Balance at 12/31/08	Transfer of assets classified as held for sale (Note 8)	Balance at 12/31/09
Gamesa Eólica, S.L. (Sole-Shareholder Company)	275,221	-	275,221	-	275,221
Gamesa Energía, S.A. (Sole-Shareholder Company)	70,126	(70,126)	-	70,126	70,126
Made Tecnologías Renovables, S.A.	23,076	-	23,076		23,076
Gamesa Energía Deutschland, GMBH	4,632	(4,632)	-	4,632	4,632
Cantarey Reinosa, S.A.	4,517	-	4,517	-	4,517
Gamesa Energy Transmission, S.A.	4,327	-	4,327	-	4,327
Other	5,359	(1,116)	4,243	1,116	5,359
	387,258	(75,874)	311,384	75,874	387,258

As indicated in Note 3-c, at each balance sheet date the Group measures the impairment loss on goodwill. The recoverable amount of the cash-generating units associated with the aforementioned goodwill was measured with reference to the value in use. Value in use was determined on the basis of cash flow projections (approved by management) that represent the best estimates for a five-year period.

The assumptions used in the impairment tests performed by Gamesa are as follows:

- Five years were projected, calculating the residual value as the permanent income of a year that does not contain cyclical or seasonal information.
- The discount rates used would vary in accordance with the risk to which each goodwill item is exposed, and are based on the weighted average cost of capital (WACC) which ranges between 7 % and 10%.
- The growth rate of this residual value is 0%.

For all the cash-generating units, the most relevant parameters are:

- Revenue
- Profit/Loss from operations
- Working capital
- Investments in non-current assets
- Expected growth

10. Other intangible assets

The changes in “Other Intangible Assets” in the accompanying consolidated balance sheets in 2009 and 2008 were as follows:

THOUSANDS OF EUROS

	Development expenditure	Concessions, patents, licences, trademarks and other	Computer software	Advances	Total
Cost					
Balance at 01/01/08	172,208	23,497	21,280	3	216,988
Net additions (disposals) due to changes in the scope of consolidation (Note 2-g)	(81)	(405)	(145)	-	(631)
Additions	30,536	100	3,509	5,331	39,476
Disposals	(127)	-	-	-	(127)
Translation differences	-	13	4	-	17
Transfer to assets classified as held for sale (Note 8)	-	(1,666)	(1,279)	-	(2,945)
Transfers	(3)	-	1,646	(1,482)	161
Balance at 12/31/08	202,533	21,539	25,015	3,852	252,939
Additions	40,363	-	2,615	5,508	48,486
Disposals	(776)	-	(19)	-	(795)
Translation differences	-	(4)	(5)	-	(9)
Transfer of assets classified as held for sale (Note 8)	-	692	1,395	-	2,087
Transfers	-	-	6,593	(6,593)	-
Balance at 12/31/09	242,120	22,227	35,594	2,767	302,708

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THOUSANDS OF EUROS

	Development expenditure	Concessions, patents, licences, trademarks and other	Computer software	Advances	Total
Accumulated amortisation					
Balance at 01/01/08	(69,084)	(6,250)	(9,437)	-	(84,771)
Net additions (disposals) due to changes in the scope of consolidation (Note 2.g)	27	152	49	-	228
Charge for the year (Note 29.e)	(26,517)	(3,098)	(4,067)	-	(33,682)
Translation differences	-	-	(1)	-	(1)
Transfers to assets classified as held for sale (Note 8)	-	149	1,191	-	1,340
Transfers	61	1	(26)	-	36
Balance at 12/31/08	(95,513)	(9,046)	(12,291)	-	(116,850)
Charge for the year (Note 29-e)	(23,458)	(3,141)	(5,516)	-	(32,115)
Translation differences	-	1	3	-	4
Disposals	118	-	17	-	135
Transfers to assets classified as held for sale (Note 8)	-	(178)	(1,159)	-	(1,337)
Balance at 12/31/09	(118,853)	(12,364)	(18,946)	-	(150,163)
Impairment losses -					
Balance at 01/01/08	(127)	-	-	-	(127)
Amounts used	127	-	-	-	127
Balance at 12/31/08	-	-	-	-	-
Impairment loss recognised in the year	125	-	-	-	125
Amounts used	(125)	-	-	-	(125)
Balance at 12/31/09	-	-	-	-	-
Total other intangible assets at 31/12/08	107,020	12,493	12,724	3,852	136,089
Total other intangible assets at 31/12/09	123,267	9,863	16,648	2,767	152,545

In 2009 the main addition to "Development Expenditure" was due to the development in the WTGS manufacturing segment (mainly at the subsidiary Gamesa Innovation and Technology, S.L. (Sole-Shareholder Company), of new WTGS models and to the optimisation of the performance of their components amounting to approximately EUR 34,490 thousand (2008: approximately EUR 25,484 thousand).

The capitalised development expenditure will be recovered through marketing the wind generator models which include the developed technology.

Fully amortised intangible assets in use at 31 December 2009 and 2008 amounted to approximately EUR 81,275 thousand and EUR 57,296 thousand, respectively.

At 31 December 2009, the Gamesa group had intangible asset purchase commitments amounting to EUR 11,254 thousand (31 December 2008: EUR 16,173 thousand).

11. Property, plant and equipment

The changes in “Property, Plant and Equipment” in the consolidated balance sheet in 2009 and 2008 were as follows:

THOUSANDS OF EUROS

	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Cost					
Balance at 01/01/08	123,235	160,662	170,406	10,690	464,993
Net additions (disposals) due to changes in the scope of consolidation (Note 2.g)	(1,140)	(2,035)	(659)	-	(3,834)
Additions	14,814	13,712	51,038	38,791	118,355
Disposals	(325)	(6,363)	(5,591)	(52)	(12,331)
Transfer to assets classified as held for sale (Note 8)	(2,337)	(5,686)	(3,824)	(199)	(12,046)
Translation differences	3,665	3,207	1,790	524	9,186
Transfers	8,434	9,386	5,711	(23,774)	(243)
Balance at 12/31/08	146,346	172,883	218,871	25,980	564,080
Net additions (disposals) due to changes in the scope of consolidation (Note 2.g)	84,362	-	-	242	84,604
Additions	2,573	17,510	36,210	22,978	79,271
Disposals	(867)	(5,775)	(3,747)	(135)	(10,524)
Transfer of assets classified as held for sale (Note 8)	422	6,506	4,027	1,296	12,251
Translation differences	(2,076)	(1,786)	(1,021)	(111)	(4,994)
Transfers	23,867	8,888	5,405	(37,534)	626
Balance at 12/31/09	254,627	198,226	259,745	12,716	725,314

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THOUSANDS OF EUROS

	Land and buildings	Plant and machinery	Other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Accumulated depreciation -					
Balance at 01/01/08	(16,123)	(81,869)	(87,942)	-	(185,934)
Net additions (disposals) due to changes in the scope of consolidation (Note 2-g)	8	1,470	291		1,769
Charge for the year (Note 29-e)	(6,061)	(20,721)	(31,567)	-	(58,349)
Disposals	261	1,261	3,104	-	4,626
Transfer to assets classified as held for sale (Note 8)	1,564	3,172	2,561		7,297
Translation differences	(341)	(887)	(705)	-	(1,933)
Transfers	(43)	65	19	-	41
Balance at 12/31/08	(20,735)	(97,509)	(114,239)	-	(232,483)
Net additions (disposals) due to changes in the scope of consolidation (Note 2.g)	(3,470)	-	-	-	(3,470)
Charge for the year (Note 29-e)	(7,341)	(23,283)	(36,754)	-	(67,378)
Disposals	70	2,511	1,186	-	3,767
Transfer of assets classified as held for sale (Note 8)	-	(4,006)	(3,067)	-	(7,073)
Translation differences	287	802	599	-	1,688
Transfers	-	(745)	16	-	(729)
Balance at 12/31/09	(31,189)	(122,230)	(152,259)	-	(305,678)
Impairment losses -					
Balance at 01/01/08	-	(378)	-	-	(378)
Balance at 12/31/08		-		(378)	-
Impairment loss recognised in the year	-	(1,715)	-	-	(1,715)
Translation differences	-	(131)	-	-	(131)
Balance at 12/31/09	-	(2,224)		-	(2,224)
Total property, plant and equipment at 12/31/08	125,611	74,996	104,632	25,980	331,219
Total property, plant and equipment at 12/31/09	223,438	73,772	107,486	12,716	417,412

The main additions in 2009 and 2008 were due to the investment in the new Aoiz (Navarre) plant for the manufacture of the G10X blade and its manufacturing prototypes, which represent a significant portion of the addtions to “Plant and Machinery” and “Property, Plant and Equipment in the Course of Construction”. The additions to “Other Items of Property, Plant and Equipment” relate to additions of items related to the manufacture of the new G10 blade.

At 31 December 2009, the Gamesa Group’s property, plant and equipment included approximately EUR 3,226 thousand (31 December 2008: approximately EUR 3,338 thousand), relating to the value of various assets of the Gamesa Group under finance leases, which were classified under the relevant heading in accordance with their nature (see Note 19). At 31 December 2009, the minimum lease payments in this connection were as follows:

	Thousands of Euros
2010	310
2011 and subsequent years	869
Total payable	1,179
Finance cost	54
Present value of lease payments	1,125
Total payable	1,179

Fully depreciated items of property, plant and equipment in use amounted to EUR 134,847 thousand at 31 December 2009 (31 December 2008: EUR 81,919 thousand). At 31 December 2009, these items related mainly to moulds and tools for the manufacture of WTGs.

At 31 December 2009, the Gamesa Group companies had property, plant and equipment purchase commitments amounting to approximately EUR 7,516 thousand (2008: EUR 10,060 thousand), relating mainly to production facilities and newly-developed WTGs and components.

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

12. Investments accounted for using the equity method

The detail of the investments in associates of the Gamesa Group at 31 December 2009 and 2008 is as follows:

	THOUSANDS OF EUROS	
Company	2009	2008
Windar Renovables, S.L. (Note 32)	51,675	50,107
Other	27	-
Total	51,702	50,107

The changes in 2009 and 2008 in "Investments Accounted for Using the Equity Method" in the consolidated balance sheet were as follows:

THOUSANDS OF EUROS

	2009	2008
Beginning balance	50,107	48,498
Change in the consolidation method and/or the scope of consolidation	-	(15)
Profit for the year	1,568	1,651
Transfer of assets classified as held for sale (Note 8)	27	(27)
Ending balance	51,702	50,107

The detail of the consolidated assets, liabilities, income and expenses of Windar Renovables S.L. and subsidiaries at 31 December 2009 is as follows:

THOUSANDS OF EUROS

	December 31, 2009
Total non-current assets	29,673
Total current assets	52,419
TOTAL ASSETS	82,092
Total equity	49,307
Total non-current liabilities	2,092
Total current liabilities	30,693
TOTAL EQUITY AND LIABILITIES	82,092

THOUSANDS OF EUROS

	December 31, 2009
Total revenue	157,173
Total expenses	(150,169)
PROFIT BEFORE TAX	7,004
Income tax expense	(2,104)
PROFIT AFTER TAX	4,900

In 2007 Gamesa Corporación Tecnológica, S.A. incorporated the subsidiary Windmill Towers, S.L. (Sole-Shareholder Company), to which it contributed its ownership interests in the Group companies Compovent S.A. (Sole-Shareholder Company), Apoyos Metálicos S.A. (Sole-Shareholder Company) and Aemsa Santana, S.A.

At the same time, the Gamesa Group and the DANIEL ALONSO Group reached an agreement whereby the latter fully subscribed the capital increase at Windmill Towers, S.L. through the contribution of the ownership interest in Tadarsa Eólica, S.L. (Sole-Shareholder Company), thereby diluting the Gamesa Group's ownership interest in Windmill Towers, S.L. to 32%.

The loss of control by the Gamesa Group over the contributed companies which received in exchange an equity investment in an associate, the configuration of which differs significantly from that of the pre-existing Windmill Towers S.L. (Sole-Shareholder Company), led Gamesa to consider the transaction as a swap with commercial substance.

The Gamesa Group and the DANIEL ALONSO Group agreed to adjust the exchange ratio agreed on if Windmill Towers, S.L. (Sole-Shareholder Company) failed to meet the targets established in the business plan included in the agreement. The term established for the revision of the exchange ratio ended on 30 June 2009, without any adjustment having been made.

Additionally, the Gamesa Group and Windmill Towers, S.L. reached an agreement for the supply of sections of WTGS towers stipulating a minimum volume of deliveries to be attained by Windmill Towers, S.L. (see Note 32).

On 4 October 2007, Windmill Towers, S.L. changed its company name to Windar Renovables, S.L.

In 2014 the DANIEL ALONSO Group should notify Gamesa in writing of its intention to fully or partially transfer its ownership interest in Windar Renovables, S.L. Whether the DANIEL ALONSO Group intends to transfer its ownership interest in Windar Renovables, S.L. or maintain it, mechanisms would be set in motion in order to facilitate Gamesa's sale of its ownership interest in Windar Renovables, S.L.

13. Non-current financial assets

The changes in "Non-Current Financial Assets" in the accompanying consolidated balance sheets in 2009 and 2008 were as follows:

THOUSANDS OF EUROS

Concept	Balance at 12/31/08	Additions	Translation differences	Disposals	Transfer of assets classified as held for sale (Note 8)	Transfers to current financial assets	Balance at 12/31/09
Investment securities	143	2,120	-	(484)	3,042	(6)	4,815
Other non-current financial assets	65,183	8,223	(9)	(1,724)	1,688	(5)	73,356
	65,326	10,343	(9)	(2,208)	4,730	(11)	78,171

THOUSANDS OF EUROS

Concept	Balance at 01/01/08	Additions (Note 8)	Translation differences	Disposals	Transfer to assets classified as held for sale (Note 8)	Transfers to current financial assets	Balance at 12/31/08
Investment securities	3,594	-	-	-	(3,451)	-	143
Other non-current financial assets	8,228	62,366	9	(1,516)	(802)	(3,102)	65,183
	11,822	62,366	9	(1,516)	(4,253)	(3,102)	65,326

a) Investment securities

The detail of the cost of acquisition of the most representative long-term investment securities at 31 December 2009 is as follows:

	Thousands of Euros	% of ownership at 12/31/09
Zhan Yu Assets Management	1,245	9%
Mei Guiying	813	25%
Biomansa Andalucía	450	6%
Generación eólica extremeña	240	30%
Klein Welzin KG	174	12%
WH/HH KG	149	2%
Start- Up Capital Navarra	113	4%
Other	1,631	
	4,815	

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

b) Other non-current financial assets

The detail of "Other Non-Current Financial Assets" in the consolidated balance sheets at 31 December 2009 and 2008 of the Gamesa Group is as follows:

	THOUSANDS OF EUROS		Interest rate	Maturity
	31/12/09	31/12/08		
Long-term deposits and guarantees given	3,696	2,106	Euribor + spread	2011-2018
Other long-term receivables (Note 8)	69,660	63,077	Euribor + spread	2011-2013
Total	73,356	65,183		

Under "Other Long-Term Receivables", the Group includes basically the EUR 60 million loan granted by Gamesa to Toler Inversiones 2007, S.L. to partially finance the latter's acquisition of Gamesa Solar, S.A. (Sole-Shareholder Company). from Gamesa Energía, S.A. (Sole-Shareholder Company) on 24 April 2008. This loan matures on 24 April 2012, will be repaid in full at the maturity date and earns interest tied to EURIBOR plus a market spread. In 2009 Gamesa reached an agreement with Toler Inversiones 2007 S.L. whereby the interest earned on the loan from the date it was granted is capitalised and repayable together with the principal upon maturity (see Note 8).

This interest, recognised under "Finance Income" in the accompanying consolidated income statement (see Note 29-f) amounted to EUR 3,321 thousand in 2009 (2008: EUR 2,174 thousand). The Parent's directors estimate that there will be no problems of collectability upon maturity of the loan.

This heading also includes EUR 900 thousand and EUR 1,210 thousand relating to loans granted to executives of the former Gamesa Solar, S.A. (Sole-Shareholder Company). Group companies (sold in 2008, see Note 8) and Global Energy Services, S.A. (formerly known as Gamesa Energía Servicios, S.A. and sold in 2006), respectively. These loans, with fixed maturities in 2013 and 2011, respectively, will be repaid in full on expiry of the respective agreements. The Company recognised EUR 311 thousand (2008: EUR 150 thousand) relating to interest receivable on these loans at 31 December 2009, which will also be repaid in full upon maturity.

Lastly, 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 lease contracts (see Note 29-d).

14. Inventories

The detail of "Inventories" at 31 December 2009 and 2008 is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Goods held for resale	1,347	1,585
Raw materials and supplies	295,816	414,449
Work in progress and finished goods	475,547	408,893
Advances to suppliers	39,949	24,016
Inventory write-downs (Note 29-e)	(28,303)	(20,621)
Total	784,356	828,322

At 31 December 2009 and 2008, there were no inventories provided to secure the payment of debts or in relation to any other obligations to third parties.

15. Trade receivables

The detail of “Trade and Other Receivables “ in the consolidated balance sheets at 31 December 2009 and 2008 is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Trade and other receivables	768,886	956,441
Construction contract receivables (Notes 3-b and 17)	677,631	241,790
Allowance for uncollectible receivables	(10,947)	(1,966)
Total trade and other receivables	1,435,570	1,196,265

All the aforementioned balances mature in less than 12 months and are interest-free. Therefore, their realisable value does not differ significantly from their carrying amount.

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

16. Cash and cash equivalents

The breakdown of “Cash and Cash Equivalents” in the accompanying consolidated balance sheets at 31 December 2009 and 2008 is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Cash in euros	462,703	407,338
Cash in foreign currencies	226,312	89,616
Liquid assets at less than three months	112,423	32,404
Other	-	178
Total	801,4380	529,5360

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

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

The amount of ordinary income (variation in the stage of completion resulting from sales recognised by stage of completion) on the firm WTGS and wind farm sales contracts which at 31 December met the characteristics indicated in Note 3-b for the application of the stage of completion method in 2009 and 2008 amounted to EUR 611,094 thousand and EUR 529,785 thousand, respectively, and is recognised under "Revenue" in the consolidated income statements for 2009 and 2008, respectively. For uncompleted contracts at 31 December 2009, the cumulative amount of costs incurred and of gains recognised until that date amounted to EUR 2,466,243 thousand (EUR 1,847,615 thousand for uncompleted contracts at 31 December 2008).

Accounts receivable from contract customers for sales recognised by stage of completion included under "Trade and Other Receivables", net of the advances received at 31 December 2009 amounted to EUR 677,631 thousand (31 December 2008: EUR 606,033 thousand) (see Note 15).

Accounts receivable from contract customers for sales recognised by stage of completion included under "Trade Receivables from Related Companies", net of the advances received (see Note 32) at 31 December 2009 amounted to EUR 308,360 thousand (31 December 2008: EUR 199,730 thousand).

18. Equity of the Parent

a) Share capital

At 31 December 2009 and 2008, the share capital of Gamesa consisted of 243,299,904 fully subscribed and paid ordinary shares of EUR 0.17 par value each, traded by the book-entry system. The shares of Gamesa have been traded on the Spanish Stock Market Interconnection System since 31 October 2000, and they are included in the IBEX 35 index.

Per public information in the possession of Gamesa, the shareholder structure of Gamesa at 31 December 2009 was as follows:

	% of ownership 2009	% of ownership 2008
Iberdrola, S.A. (Note 32)	14.10%	23.95%
Blackrock Investment Management, LTD	9.01%	3.37%
Lolland, S.A.	5.00%	5.00%
Other (*)	71.89%	67.68%
Total	100.00 %	100.00%

(*) All with an ownership interest of less than 10%.

b) Share premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) Unrealised asset and liability revaluation reserve

The changes in this reserve in 2009 and 2008 were as follows:

THOUSANDS OF EUROS

	01/01/08	Change in fair value	Amount taken to profit or loss	12/31/08	Change in fair value	Amount taken to profit or loss	12/31/09
Cash flow hedges:							
Interest rate swaps (Note 21)	16,309	(16,895)	(6,364)	(6,950)	(15,973)	13,835	(9,088)
Foreign currency hedges	(5,187)	5,184	(8,254)	(8,257)	5,021	982	(2,254)
	11,122	**(11,711)**	**(14,618)**	**(15,207)**	**(10,952)**	**14,817**	**(11,342)**
Deferred taxes arising on revaluation of unrealised assets and liabilities (Note 25)	(3,226)	1,007	4,269	2,050	5,223	(4,279)	2,994
Total	7,896	(10,704)	(10,349)	(13,157)	(5,729)	10,538	(8,348)

d) Other reserves

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

THOUSANDS OF EUROS

	2009	2008
Restricted reserves -		
Legal reserve	8,272	8,272
Revaluation reserve	1,139	1,139
Reserve for redenomination of capital in euros	1	1
Reserve for treasury shares	32,310	30,825
	41,722	**40,237**
Voluntary reserves	152,298	106,277
Reserves attributable to the consolidated companies	1,107,520	879,734
Reserve for companies accounted for using the equity method (Note 12)	2,817	1,166
Reserve for fully consolidated companies	1,104,703	878,568
Total	1,301,540	1,026,248

Legal reserve

Under the Consolidated Spanish Public Limited Liability Companies Law, companies that report profits in the fiscal year must transfer 10% of the net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Revaluation reserve Álava Regulation 4/1997 (see Note 11)

The "Revaluation Reserve" account reflects the net effect of the asset revaluation approved by Álava Regulation 4/1997, of 7 February, of which Gamesa availed itself. Since the period for reviewing this account by the tax authorities has ended, the balance of this reserve can be used to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 January 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If this balance were used in a manner other than that provided for in Álava Regulation 4/1997, of 7 February, it would be subject to tax.

e) Treasury shares

On 28 May 2009, as in prior years, the shareholders at the Annual General Meeting of Gamesa resolved to authorise the acquisition of shares issued by Gamesa by the Board of Directors, representing up to 5% of the share capital, which can be used by Gamesa, inter alia, for their delivery to the employees or directors of the Company, either directly or as a result of the exercise of options or other rights envisaged in the incentive plans held by them or of which they are beneficiaries in accordance with the law, the bylaws or the applicable regulations.

The detail of the total number of treasury shares and of the heading "Equity - Of the Parent - Treasury Shares", and of the changes therein as a result of the transactions performed in 2009 and 2008, is as follows:

	No. of shares	Thousands of euros
Balance at 1 January 2008	2,054,520	(22,639)
Additions	1,600,000	(17,553)
Exercise of options by executives	(850,022)	9,367
Balance at 31 December 2008	2,804,498	(30,825)
Additions	174,238	(1,485)
Balance at 31 December 2009	2,978,736	(32,310)

2005-2008 share option plan

On 5 May 2005, the Board of Directors of Gamesa resolved to make use of the powers granted by the shareholders at the Annual General Meeting held on 28 May 2004 to implement a share option plan and a share-based bonus plan under the terms and conditions approved by the shareholders.

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. Exercise of the options was conditional upon fulfilment of the individual annual targets of the beneficiaries in the period from 2005 to 2007. Each option entitled its beneficiary to acquire title to one fully paid ordinary share for an exercise price of EUR 10.96 per share.

In general, the period for exercising these options commenced on 1 January 2008 and will end on 28 May 2011. During this period, provided that the market price of the shares is equal to or higher than EUR 14.58 per share, each beneficiary may acquire the shares corresponding to him by paying the related exercise price, plus the amount of the related personal income tax withholdings, of the social security contributions payable by the beneficiary and of such expenses as might be incurred in the transaction. The compensation in kind obtained by the beneficiary as a result of the exercise of the options will be determined as the difference between the market price of the shares and the exercise price.

On 10 August 2005, Gamesa arranged a swap and forward transaction to cover the aforementioned share option plan. Under the related agreement, Gamesa undertook to buy on maturity (set for 7 June 2011) a maximum of 2,212,000 shares. The acquisition price was set at EUR 11,019 per share. As consideration, the bank receives interest on the notional amount of the transaction, which Gamesa recognises as finance costs on an accrual basis. In turn, Gamesa receives the dividends declared on the 2,212,000 shares.

Since the risks inherent to fluctuations (upwards or downwards) in the market price of these treasury shares with respect to the aforementioned price per share and the economic rights (dividends) thereon 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 (see Note 19).

In 2008 the Group charged EUR 9,367 thousand to “Equity - Of the Parent – Treasury Shares” due to the exercise by various executives of their options under the aforementioned plan.

At both 31 December 2009 and 31 December 2008, the amount of the treasury shares held by the Company in this connection was EUR 13,272 thousand, since no options were exercised in 2009. At 31 December 2009, there were 65,000 outstanding options held by certain executives under the plan, exercisable until 28 May 2011.

To measure this plan, Gamesa used the Black-Scholes option pricing model, which is widely used in the financial services industry to measure transactions, and deferred and recognised the value of the options implicit in the aforementioned plan over the term of the plan, with a charge to “Staff Costs” in the consolidated income statement with a credit to “Equity - Of the Parent - Other Reserves” in the consolidated balance sheet. At 1 January 2008, the ultimate and definitive valuation of the plan, which amounted to EUR 2,136 thousand, was recognised under “Equity - Of the Parent - Other Reserves”. At 31 December 2009 and 2008, following changes in the value of the option due to the options exercised in 2008, the amount recognised under “Equity of the Partent – Other Reserves” was EUR 2,049 thousand.

2009-2011 Incentive Plan

On 17 December 2009, the Board of Directors of Gamesa resolved to use the powers granted to it by the shareholders at the Annual General Meeting of 28 May 2009, and 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 2009-2011.

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 Gamesa Group'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 deliverable to each beneficiary will be determined by the level of attainment of the objectives established in the plan for the period of time elapsing between 1 January 2009 and 31 December 2011. The maximum number of shares deliverable is 2,189,699 and no single beneficiary may receive more than 227,475 shares.

The shares will 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.

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.

To determine the total cost of the plan and the cost chargeable in 2009, Gamesa considered that:

- All the beneficiaries will fulfill the requirements to receive the shares.
- The level of attainment of the objectives will be 150%.

As described in Note 3-q, the services provided by the beneficiaries were recognised on an accrued basis by the Gamesa Group under "Staff Costs", allocating the fair value of the equity instruments delivered over the term of the plan, which led to a charge of EUR 4,111 thousand to "Staff Costs" in the accompanying consolidated income statement for 2009 (see Note 29-c), with a credit to "Equity – Of the Parent - Other Reserves" in the accompanying consolidated balance sheet at 31 December 2009.

f) Reserves attributable to the consolidated companies

The detail, by company, of "Reserves Attributable to the Consolidated Companies" at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

Company or group of companies	2009	2008
Reserves at fully consolidated companies		
Other reserves of the Parent	-	(282)
Gamesa Energía, S.A. (Sole-Shareholder Company) and subsidiaries		
"Generation" subgroup	514,175	460,406
"Manufacturing" subgroup	628,129	467,419
	1,142,304	**927,543**
Gamesa Technology Corporation, Inc and subsidiaries	(42,296)	(54,459)
Gamesa Nuevos Desarrollos, S.A. and subsidiaries	(2,065)	(776)
Cametor, S.L.	6,760	6,260
Reserves for companies accounted for using the equity method		
Windar Renovables, S.L. (Note 12)	2,817	1,166
Total	1,107,520	879,734

19. BANK BORROWINGS AND OTHER FINANCIAL LIABILITIES

The Gamesa Group manages its capital in order to guarantee the continuity of its operations and maximise the value thereof for its shareholders through the optimisation of debt and equity in the balance sheet.

The structure of the Group's capital includes financial debt, cash and cash equivalents (see Note 16) and the equity of the Parent, which includes capital and reserves as described in Note 18.

At 31 December 2009, the Gamesa Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent was 18% (31 December 2008: -4.21% for continuing operations).

The detail, by maturity, of the outstanding bank borrowings at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

			Borrowings at 31 December 2009						
			Current maturity	Non-current maturities					
	Balance at 12/31/08	Balance at 12/31/09	2010	2011	2012	2013	2014	2015 and subsquent years	Total non-current
Accrued interest payable	3,059	1,381	1,381	-	-	-	-	-	-
Loans	326,118	916,183	539,522	33,029	110,430	32,857	199,286	1,058	376,660
Equity swaps (Note 18-e)	13,272	13,272	-	13,272	-	-	-	-	13,272
Drawn down loans	44,168	26,284	20,686	-	5,598	-	-	-	5,598
Discounted drafts	13,329	27,374	27,374	-	-	-	-	-	-
Loans in euros	399,946	984,493	588,963	46,301	116,028	32,857	199,286	1,058	395,530
Loans in foreign currencies									
US dollars (Note 3-f)	65,662	92,134	91,174	127	139	139	139	416	960
Other	-	7,850	7,850	-	-	-	-	-	-
	65,662	**99,984**	**99,024**	**127**	**139**	**139**	**139**	**416**	**960**
TOTAL	465,608	1,084,477	687,987	46,428	116,167	32,996	199,425	1,474	396,490

All the maturities of the borrowings are per the related contracts.

At 31 December 2009, the Gamesa Group had been granted loans and undrawn credit facilities that accounted for 40.69% (31 December 2008: 62.51%) of the total financing granted to it, which mature between 2010 and 2015 and which bear weighted average interest at Euribor plus a market spread. The loans outstanding at 31 December 2009 and 2008 bore annual weighted average interest at approximately 3.37% and 4.60%, respectively.

Certain of the contracts for the loans arranged by the Gamesa Group companies provide for certain obligations including most notably the achievement of certain financial ratios that tie the capacity to generate operating cash flows to the level of indebtedness and the financial burden. Also, they establish certain limits on the arrangement of additional borrowings or obligations and on the distribution of dividends, as well as other additional conditions. Failure to meet these contractual conditions would enable the banks to demand early repayment of the related amounts. The directors of Gamesa consider that these conditions are being met and will continue to be met in the future in the normal course of business.

At 31 December 2009, the Gamesa Group did not have any bank borrowings tied to fixed interest rates, except for the hedges described in Note 21.

The sensitivity of the market value of bank borrowings based on the position to interest rate changes at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	Interest rate change			
	2009		2008	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the borrowings	2,564	(2,564)	1,410	(1,410)

The sensitivity of the market value of foreign currency bank borrowings based on the position to exchange rate and interest rate changes at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	2009				2008			
	Interest rate change (EUR)		Foreign exchange rate changes (EUR/USD)		Interest rate change (EUR)		Foreign exchange rate changes (EUR/USD)	
	+ 0.25%	- 0.25%	+ 5%	- 5%	+ 0.25%	- 0.25%	+ 2.5%	- 2.5%
Change in the value of the borrowings	292	(292)	4,403	(4,867)	129	(129)	3,127	(3,456)

The Gamesa Group hedges part of the risk associated with the volatility of cash flows relating to the interest payments on borrowings tied to floating interest rates through derivative financial instruments (see Notes 4 and 21).

20. Other current financial assets

The detail of "Other Current Financial Assets" in the accompanying consolidated balance sheets at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	31/12/09	31/12/08
Short-term investment securities	3	3
Other loans	5,431	68,372
Short-term deposits and guarantees	482	158
Total	5,916	68,533

At 31 December 2009, "Other Loans" included mainly the loan granted by the Gamesa Group to the participants of the SEC Andévalo, C.B. joint property association in which the Group participates. This loan earns interest at a market rate and is recoverable at short term.

At 31 December 2008, "Other Loans" included a balance of EUR 55,137 thousand relating to the total drawn down against the loan granted in the form of a credit facilty by Gamesa to Pasajesol, S.L. on 19 May 2008, amounting to a maximum of EUR 60,000 thousand, which earned interest at EURIBOR plus a spread of 0.80%, the purpose of which was to finance the construction of a photovoltaic farm. The interest earned and collectible on this loan amounted to EUR 2,570 thousand at 31 December 2008. The loan matured on 31 December 2008 but had not been settled at that date.

In 2009, since Pasajesol, S.L. was ultimately unable to repay the loan, and as established in the contract, the Gamesa Group exercised the purchase option on all its shares. The price of this purchase was EUR 18,467 thousand (see Note 2-g).

Since 2007 interest has been generated on the deferred amount of the sale price of Gamesa Aeronáutica, S.A. which was sold in 2006. At 31 December 2008, the Company had recognised EUR 2,836 thousand under "Other Loans" in this connection. In 2009 the interest generated amounted to EUR 428 thousand (2008: EUR 1,265 thousand) and is recognised under "Finance Income" in the accompanying consolidated income statement for 2009 (see Note 29-f). All the outstanding amounts were collected in full in March 2009.

Also, the Gamesa Aeronáutica, S.A. sales agreement entitled Gamesa to receive EUR 10,142 thousand from the purchaser before 31 December 2008, to settle the balances held by both companies as a result of the consolidated tax regime. This amount did not give rise to a higher sale price or higher gain from the transaction. Of this amount, EUR 5,071 thousand were collected by the Company in 2008 whereas the remaining amount was collected in March 2009.

Other current financial assets earn interest at a rate between zero and Euribor plus a market spread.

The fair value of these financial instruments at 31 December 2009 and 2008 does not differ significantly from their carrying amount.

21. Derivative financial instruments

The Gamesa Group uses derivative financial instruments to hedge the risks to which its future activities, transactions and cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the valuation of derivatives in the consolidated balance sheets at 31 December 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	2009		2008			
	Current maturity		Current maturity		Non-current maturities	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INTEREST RATE HEDGES:						
Cash flow hedges:						
Interest rate swaps	-	9,087	-	709	-	4,155
FOREIGN CURRENCY HEDGES:						
Cash flow hedges:						
Foreign currency forwards	214	2,468	331	8,588	-	-
Fair value hedges:						
Foreign currency forwards	5,196	4,700	5,256	11,181	-	-
NON-HEDGING DERIVATIVES:						
Commodity derivatives	-	-	-	512	-	-
	5,410	16,255	5,587	20,990	-	4,155

The maturities of the derivative financial instruments were estimated based on the maturities of the corresponding underlying assets.

In 2009 and 2008, to offset the effect on the consolidated income statement of hedging transactions, the Gamesa Group recognised an expense of EUR 13,835 thousand (2008: income of EUR 6,364 thousand) in "Finance Costs" in the consolidated income statement for 2009 (see Note 29-g), with a credit to "Equity - Of the Parent - Unrealised Asset and Liability Revaluation Reserve" (see Note 18-c), under which they had previously been classified.

The Gamesa Group uses derivatives as foreign currency hedges to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. Also, the Gamesa Group designates hedges to cover the foreign currency risk associated with certain intra-Group monetary transactions between companies with different functional currencies, the results of which are not fully eliminated upon consolidation in accordance with applicable accounting regulations. These hedging transactions mature in 2010. At 31 December 2009 and 2008, the total nominal value of the items on which foreign exchange hedges had been arranged was as follows:

THOUSANDS OF EUROS

Currency	2009	2008
US dollars	130,475	388,726
Chinese yuan	57,663	102,242

Also, the Gamesa Group arranges interest rate hedges in order to mitigate the effect of interest rate fluctuations on future cash flows from loans tied to floating interest rates. At 31 December 2009 and 2008, the nominal value of the liabilities hedged by interest rate hedges amounted to EUR 889,754 thousand and EUR 350,000 thousand, respectively.

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

	Estimated period of cash flows		Charge/ (credit) to revaluation reserve (Note 18-c)	Charge/ (credit) to income (Note 18-c)
	2010	2011 and subsequent years		
Interest rate	366,667	523,087	(15,973)	13,835
Foreign currency	57,663	-	5,021	982

No ineffectiveness was disclosed in the hedges designated by the Gamesa Group.

The fair value of the derivative financial instruments was calculated by discounting future cash flows on the basis of the exchange rate curve obtained from independent information sources, such as Bloomberg, or through the valuation furnished by counterparties.

a) Credit risk

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

	2009		2008	
	Thousands of Euros	%	Thousands of Euros	%
By geographical area:				
Spain	3,956	73.12%	3,718	66.5%
Other European Union countries	1,240	22.92%	1,538	27.5%
Rest of the world	214	3.96%	331	6.0%
	5,410	100.0%	5,587	100.0%
By counterparty:				
Banks	5,410	100.0%	5,587	100.0%
	5,410	100.0%	5,587	100.0%

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

	2009		2008	
	Thousands of Euros	%	Thousands of Euros	%
Risks classified as AA	3,956	73.1%	3,718	66.5%
Risks classified as AA-	-		1,538	27.5%
Risks classified as A+	1,454	26.9%	331	6.0%
	5,410	100.0%	5,587	100.0%

b) Market risk

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

THOUSANDS OF EUROS

	Interest rate change			
	2009		2008	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in fair value of hedge	1,019	(1,024)	2,723	(2,723)

THOUSANDS OF EUROS

	Exchange rate change			
	2009		2008	
	+ 5%	- 5%	+ 5%	- 5%
Change in fair value of hedge	13,811	(23,816)	23,237	(25,682)

22. Provisions for contingencies and charges

The detail of "Provisions for Contingencies and Charges" on the liability side of the accompanying consolidated balance sheets and of the changes therein in 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	Provisions for litigation, termination benefits, taxes and similar	Provisions for warranties	Total provisions
Balance at 1 January 2008	6,369	196,864	203,233
Period provisions charged to income	21,332	177,902	199,234
Reversal due to excessive provisions	-	(9,367)	(9,367)
Provisions used for their intended purpose	-	(127,759)	(127,759)
Translation differences	-	2,513	2,513
Transfers to other current liabilities	(4,932)	(462)	(5,394)
Transfer to liabilities associated with assets classified as held for sale (Note 8)	(955)	(8,392)	(9,347)
Balance at 31 December 2008	21,814	231,299	253,113
Period provisions charged to income (Note 29-e)	162	114,714	114,876
Reversal due to excessive provisions (Note 29-e)	-	(9,065)	(9,065)
Provisions used for their intended purpose	(21,411)	(118,983)	(140,394)
Translation differences	-	(1,803)	(1,803)
Transfer of liabilities associated with assets classified as held for sale (Note 8)	602	5,296	5,898
Balance at 31 December 2009	1,167	221,458	222,625

The Gamesa Group recognises provisions for third-party liability arising from litigation in progress and from termination benefits, obligations, collateral and other similar guarantees for which the Company is legally liable. At each balance sheet date the Gamesa Group estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Group considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

The provision for warranties relates basically to the possible repair and start-up expenses which should be covered by the Group during the warranty period established in each WTGS sale agreement (generally two years). The decrease in this provision was due mainly to the use for its intended purpose of a portion of the provision charged in 2008 for the repairs required to correct certain defects in the manufacture of blades identified in that year. The repairs will be completed in 2010. The directors of the Gamesa Group consider that these manufacturing defects have been made good and, therefore, it is not necessary to recognise any additional provisions in this connection.

In 2008 the Group recoded a provision of EUR 21,332 thousand, resulting from a claim filed by a former Group customer. This dispute had a negative outcome for the Group which paid the aforementioned amount in January 2009.

23. Other non-current liabilities

The detail of "Other Non-Current Liabilities" in the accompanying consolidated balance sheets at 31 December 2009 and 31 December 2008 is as follows:

		THOUSANDS OF EUROS
	12/31/09	12/31/08
Refundable advances	38,028	43,875
Long-term advances from customers	8,343	8,343
Other non-current liabilities	5,493	4,234
Total	51,864	56,452

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

									THOUSANDS OF EUROS
			Refundable advances at 31 December 2009 maturing at						
			Short term	Long term					
	Balance at 12/31/08	Balance at 12/31/09	2010	2011	2012	2013	2014	2015 and subsequent years	Total
Refundable advances	43,875	45,127	7,099	5,781	5,193	5,022	3,880	18,152	38,028

The financial liability corresponding to these refundable advances is recognised at its present value and the difference up to its repayment value is recognised as an implicit aid to be recognised as income on a systematic basis, over the periods required to offset them with the related costs (see Note 3-g).

24. Non-controlling interests

The detail of "Equity - Of Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and of the changes therein in 2009 and 2008 is as follows:

	THOUSANDS OF EUROS
Balance at 1 January 2008	2,338
Profit for the year	1,943
Navitas Energy, Inc.	(1,237)
Compass Transworld Logistics, S.L.	3,112
Other changes	357
Balance at 31 December 2008	6,513
Loss for the year	(87)
Dividend Compass Transworld Logistics, S.L.	(1,748)
Acquisition of 40% of S.E. los Lirios, S.A.	(24)
Other changes	407
Balance at 31 December 2009	5,061

Compass Transworld Logistics, S.L. (51% owned by the Gamesa Group) distributed a dividend in 2009 amounting to EUR 3,428 thousand.

Also, on 15 October 2009 the Group acquired an additional 40% ownership interest in Sistemas Energéticos Los Lirios S.A. for EUR 1,003 thousand. The Group had owned a 60% interest in this company and recognised EUR 979 thousand as a reduction in reserves.

25. Deferred taxes

The detail of "Deferred Tax Assets" and "Deferred Tax Liabilities" in the accompanying consolidated balance sheet and of the changes therein in 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	01/01/09	Allocation and/ or credit (charge) to income (Note 27)	Credit (charge) to asset and liability revaluation reserve	Transfers	Translation differences	Transfers of assets classified as held for sale (Note 8)	12/31/09
Deferred tax assets:							
Measurement of derivative financial instruments (Note 21)	1,466	-	944	-	-	515	2,925
Write-down of start-up costs	71	(71)	-	-	-	-	-
Tax loss and tax credit carryforwards	101,822	665	-	-	(1,137)	332	101,682
Other	53,855	28,834	-	6,984	(1,163)	82	88,592
	157,214	**29,428**	**944**	**6,984**	**(2,300)**	**929**	**193,199**
Deferred tax liabilities:							
Deductible goodwill	(22,814)	(4,562)	-	-	-	-	(27,376)
Other	(34,153)	(4,436)	-	(6,984)	729	(14,073)	(58,917)
	(56,967)	**(8,998)**	**-**	**(6,984)**	**729**	**(14,073)**	**(86,293)**

THOUSANDS OF EUROS

	01/01/08	Allocation and/ or credit (charge) to income	Credit (charge) to asset and liability revaluation reserve	Exclusions from the scope of consolidation	Translation differences	Transfers to assets classified as held for sale (Note 8)	12/31/08
Deferred tax assets:							
Measurement of derivative financial instruments (Note 21)	1,623	-	1,449	(1,607)	1	-	1,466
Write-down of start-up costs	120	(34)	-	-	-	(15)	71
Tax loss and tax credit carryforwards	77,544	22,949	-	-	1,329	-	101,822
Other	31,906	17,335	-	(269)	1,934	2,949	53,855
	111,193	**40,250**	**1,449**	**(1,876)**	**3,264**	**2,934**	**157,214**
Deferred tax liabilities:							
Measurement of derivative financial instruments (Note 21)	(4,276)	(573)	3,988	-	-	861	-
Deductible goodwill	(18,250)	(4,564)	-	-	-	-	(22,814)
Other	(28,579)	(4,984)	-	17	(957)	350	(34,153)
	(51,105)	**(10,121)**	**3,988**	**17**	**(957)**	**1,211**	**(56,967)**

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

26. Tax receivables and payables

The detail of "Current Assets – Tax Receivables" and "Other Payables – Tax Payables" on the asset and liability sides, respectively, of the consolidated balance sheet at 31 December 2009 and 2008 is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Tax receivables -		
VAT refundable	31,854	5,398
Tax withholdings and prepayments	13,976	6,915
VAT refunds receivable and other	115,991	14,539
Grants receivable	6,868	6,379
	168,689	**33,231**
Tax payables -		
VAT payable	36,900	16,094
Tax withholdings payable	5,235	5,577
Income tax payable	41,058	47,107
Other tax payables	449	-
Accrued social security taxes payable	5,498	4,049
	89,140	**72,827**

Effective from 1 January 2009, Gamesa and the subsidiaries Gamesa Electric, S.A. (Sole-Shareholder Company), Gamesa Energy Transmission, S.A, (Sole-Shareholder Company), Especial Gear Transmisión, S.A. (Sole-Shareholder Company), Gamesa Energía, S.A. (Sole-Shareholder Company), Cametor, S.L. (Sole-Shareholder Company), Gamesa Nuevos Desarrollos, S.A. (Sole-Shareholder Company), Qgrid Tecnologies, S.L., Sistemas Energéticos Alto Del Abad, S.A., Sistemas Energéticos Alto Do Seixal, S.A., Sistemas Energéticos Balazote, S.A., Sistemas Energéticos El Centenar, S.A., Sistemas Energéticos El Saucito, S.A., Sistemas Energéticos Fonseca, S.A., Sistemas Energéticos La Gomera, S.A., Sistemas Energéticos La Retuerta, S.A., Sistemas Energéticos La Tallisca, S.A., Sistemas Energéticos Las Cabezas, S.A., Sistemas Energéticos Majal Alto, S.A., Sistemas Energéticos Serra De Lourenza, S.A., Sistemas Energéticos Valdefuentes, S.A., Sistemes Energetics Conesa II, S.A., Sistemes Energetics Savalla Del Comtat, S.A., Sistemes Energetics Conesa I, S.A., Sistemas Energéticos Sierra De Valdefuentes, S.L., Sistemas Energéticos Sierra Del Carazo, S.L., Sistemas Energéticos Monte Genaro, S.L., International Windfarm Developments Iil, S.L., International Windfarm Developments III, S.L., International Windfarm Developments IX, S.L., International Windfarm Developments X, S.L., Sistemas Energéticos Argañoso, S.A., Sistemas Energéticos Carril, S.A., Sistemas Energéticos Jaralón, S.A., Sistemas Energéticos Lomas Del Reposo, S.A. and Sistemas Energéticos Tarifa, S.A., agreed to apply the special VAT regime for company groups described in Articles 163 et seq of Álava Regulation 12/1993, of 19 January, which regulates this tax, at its basic level. Gamesa is the Parent of this tax group.

Effective from 1 January 2009, Gamesa Eólica, S.L. and the subsidiaries Gamesa Innovation and Technology, S.L. and Estructuras Metálicas Singulares, S.L. agreed to apply the special VAT regime for company groups described in Articles 108 et seq of Navarre Regulation 19/1992, of 30 December, which regulates this tax, at its basic level. Gamesa Eólica, S.L. is the Parent of this tax group.

27. Income tax expense

Since 2002 Gamesa and certain of its subsidiaries subject to Álava corporation tax legislation have filed their income tax returns under the special consolidated tax regime. Gamesa is the Parent of the tax group.

Since 2005 Gamesa Technology Corporation, Inc and its subsidiaries have filed consolidated federal income tax returns in the US, with Gamesa Technology Corporation, Inc as the Parent of the Tax Group.

The other consolidated companies file individual tax returns.

In 2009 the Gamesa Group performed various corporate restructuring transactions under the special tax neutrality regime provided for in tax legislation, and the mandatory disclosures are included in the individual financial statements of the companies involved.

The difference between the tax charge for each year and the tax payable for that year, classified under "Deferred Tax Assets" and "Deferred Tax Liabilities" on the asset and liability sides, respectively, of the consolidated balance sheets at 31 December 2009 and 2008, arose as a result of the following:

- Temporary differences arising from the differences between the carrying amounts of certain assets and liabilities and their tax bases. The most significant of these temporary differences relate to the assets and liabilities arising from the measurement of derivatives, deductible goodwill and the different procedure for depreciating and amortising property, plant and equipment and intangible assets, respectively, under IFRSs, as described in Note 3.
- Temporary differences arising from the accelerated depreciation and amortisation tax benefit taken on certain assets assigned to research and development activities.
- The different accounting and tax methods for recognising certain provisions.

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

THOUSANDS OF EUROS

	2009	2008
Current tax	27,589	18,797
Deferred taxes (Note 25)	(20,430)	(16,790)
Total	7,159	2,007

The income tax expense for 2009 and 2008 was determined as follows:

THOUSANDS OF EUROS	2009	2008
Consolidated profit before tax	121,738	181,258
Permanent differences:		
- Exemption for gains	(35,800)	(57,290)
- Dividends	73,350	53,000
- Other permanent differences	8,403	(39,789)
Adjusted accounting profit	167,691	137,179
Gross tax calculated at the tax rate in force in each country (*)	38,862	30,628
Tax credits	(39,732)	(22,942)
2008 income tax settlement adjustment	1,972	(5,679)
Tax effect of retained earnings (Note 2-f)	6,057	-
Income tax expense	7,159	2,007

(*) The fully consolidated foreign subsidiaries calculate the income tax expense and the tax charges for the various taxes applicable to them in conformity with the legislation of, and at the tax rates in force in, their respective countries.

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

Under current legislation, tax losses can be carried forward for tax purposes for offset against the taxable profits that will foreseeably arise in future periods. In this connection, the various Gamesa Group companies have EUR 6,764 thousand of tax loss carryforwards available for offset in future years (31 December 2008: EUR 32,220 thousand). They also have unused tax credits amounting to EUR 94,917 thousand (31 December 2008: EUR 69,602 thousand) (see Note 25).

At 31 December 2009, the Gamesa Group companies had unrecognised deferred tax assets. Also, the Group has unrecognised tax losses amounting to approximately EUR 2,240 thousand (31 December 2008: EUR 607 thousand) and tax credits earned before the Group began filing tax returns under the special consolidated tax regime amounting to approximately EUR 6,765 thousand (31 December 2008: same amount). These deferred tax assets were not recognised because the Gamesa Group considers that the conditions for considering them to be recoverable in future years were not met.

Under current legislation taxes cannot be considered to be definitively settled until the tax returns filed have been reviewed by the tax authorities or the four-year statute of limitation period has elapsed. At 2009 year-end the Gamesa consolidated tax group had 2005 and subsequent years open for review for income tax. The Gamesa Group also has 2006 and subsequent years open for review in relation to all other taxes applicable to it. The Company's directors consider that the aforementioned taxes have been appropriately settled. Consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material impact on the accompanying consolidated financial statements.

The legislation applicable to the 2009 income tax settlement is Álava Regulation 24/1996, of 5 July, as amended by Álava Regulation 13/2007, of 26 March and Álava Regulation 21/2008, of 18 December, which remain in force and establish, inter alia, a tax rate of 28%.

On 11 September 2008, the Court of Justice of the European Union handed down a decision in relation to the request for a preliminary ruling from the Basque Country High Court by orders of September 2006. With regard to this judgment from the Court of Justice of the European Union, in December 2008 and 2009 the Basque Country High Court dismissed various appeals against Álava corporation tax legislation. However, its decision has been appealed before the Supreme Court.

The Gamesa Group and its tax advisers calculated the amounts associated with this tax for 2008 and for the years open for review pursuant to the Álava legislation in force at the end of each year, since they considered that the final outcome of the various court proceedings and appeals filed in this connection would not have a significant impact on the financial statements taken as a whole.

28. Obligations and guarantees to third parties

At 31 December 2009, the Gamesa Group received guarantees from banks and insurance companies that were provided to third parties amounting to EUR 1,643,616 thousand (2008: EUR 1,821,249 thousand). The detail, by type, of the guarantees received by the Gamesa Group is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Financing guarantees	61,358	54,533
Business contract guarantees	1,490,575	1,662,458
Guarantees provided to the government	91,683	104,258
Total	1,643,616	1,821,249

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

The Gamesa Group considers that the liabilities, if any, which might arise from the guarantees received, other than those for which provisions were recorded at 31 December 2009, would not be material.

29. Income and expenses

a) Revenue and other operating income

The detail of these headings in the 2009 and 2008 consolidated income statements is as follows:

THOUSANDS OF EUROS

	2009	2008
Sale of goods	2,805,075	3,478,913
Rendering of services	382,010	332,531
Revenue	**3,187,085**	**3,820,444**
Grants related to income (Note 3-g)	237	271
Group work on non-current assets (Notes 3-j and 3-k)	70,575	62,638
Other income	42,065	13,418
Other operating income	**112,877**	**76,327**

b) Procurements

The detail of "Procurements" in the consolidated income statements for 2009 and 2008 is as follows:

THOUSANDS OF EUROS

	2009	2008
Purchases of raw materials and other supplies	1,770,057	3,030,167
Changes in inventories of goods held for resale and raw materials (Note 14)	302,030	25,306
	2,072,087	3,055,473

c) Staff costs

The breakdown of “Staff Costs” in the 2009 and 2008 consolidated income statements is as follows:

THOUSANDS OF EUROS

	2009	2008
Wages and salaries	223,313	224,085
Treasury share incentive plan (Note 18-e)	4,111	-
Termination benefits (Note 3-p)	1,863	2,571
Employer social security costs	50,058	47,590
Other employee benefit costs	13,009	14,235
	292,354	288,481

The average number of employees and directors in 2009 and 2008, by professional category, was as follows:

	Average number of employees and directors			
	2009			2008
	Men	Women	Total	Total
Directors	10	-	10	9
Senior executives	81	10	91	83
Management personnel	2,067	724	2,791	2,610
Other employees	2,836	993	3,829	4,412
Total	4,994	1,727	6,721	7,114

d) Other operating expenses

The breakdown of "Other Operating Expenses" in the 2009 and 2008 consolidated income statements is as follows:

THOUSANDS OF EUROS

	2009	2008
Rent and royalties	44,795	42,851
Repair, upkeep and maintenance expenses	16,180	16,543
Independent professional services	49,439	40,851
Transport expenses	9,943	18,398
Insurance	24,960	20,349
Banking and similar services	10,732	10,718
Advertising, publicity and public relations	3,294	4,187
Utilities	18,877	23,809
Travel expenses	24,604	32,347
Telecommunications	5,354	9,101
Security	2,204	9,157
Cleaning	2,477	2,372
Outsourcing	41,803	62,190
Taxes other than income tax	6,652	10,080
Other current operating expenses	25,976	44,696
	287,290	347,649

The aggregate amount of R&D expenditure recognised as an expense in 2009 was EUR 1,500 thousand (2008: 1,521 thousand).

In 2007 and 2006 the Gamesa Group disposed of a number of properties owned by it at market price, recognising gains of EUR 1,313 thousand and EUR 9,753 thousand, respectively, in the consolidated income statement. Leases were subsequently arranged on the same properties which were considered to be operating leases, since they meet the requirements to be considered as such (see Note 3-e). The term of these leases was between 10 and 12 years. The monthly charge in 2009 to the accompanying consoildated income statement for the leases on these properties amounted to approximately EUR 170 thousand (2008: EUR 166 thousand).

At 31 December 2009, the future minimum lease payments under non-cancellable operating leases arranged by the Gamesa Group totalled approximately EUR 36,291 thousand (31 December 2008: EUR 41,765 thousand). Of these payments, approximately EUR 7,411 thousand will be paid in 2010, EUR 2,682 thousand between 2011 and 2012, and the remainder between 2013 and 2018.

At 31 December 2009, the Company recognised EUR 3,696 thousand under "Long-Term Deposits and Guarantees" (see Note 13-b) in respect of existing leases.

e) Depreciation and amortisation charge and provisions

The breakdown of "Depreciation and Amortisation Charge and Provisions" in the 2009 and 2008 consolidated income statements is as follows:

THOUSANDS OF EUROS	2009	2008
Property, plant and equipment depreciation charge (Note 11)	67,378	59,754
Intangible asset amortisation charge (Note 10)	32,115	33,798
Change in operating provisions for guarantees and other (Note 22)	105,811	189,937
Change in write-downs of inventories (Note 14)	7,682	14,494
Change in other operating allowances and provisions	4,451	(531)
	217,437	297,452

f) Finance income

The breakdown of "Finance Income" in the 2009 and 2008 consolidated income statements is as follows:

THOUSANDS OF EUROS	2009	2008
Income from current financial assets (Note 20)	398	6,590
Other finance and similar income (Note 13)	11,634	19,821
	12,032	26,411

g) Finance costs

The breakdown of "Finance Costs" in the 2009 and 2008 consolidated income statements is as follows:

	THOUSANDS OF EUROS	
	2009	2008
Finance and similar costs (Note 19)	44,807	68,178
Valuation adjustments to derivatives (Note 21)	13,835	(6,364)
Losses on financial assets	-	(13)
	58,642	61,801

30. Remuneration of directors

In 2009 the directors of Gamesa earned attendance fees, wages and salaries and other income amounting to approximately EUR 5,153 thousand (2008: EUR 2,629 thousand), the detail being as follows:

	THOUSANDS OF EUROS	
	12/31/2009	12/31/2008
Board of Directors -		
Type of remuneration -		
Fixed remuneration	1,839	1,238
Variable remuneration	371	423
Attendance fees	328	763
Bylaw-stipulated directors' emoluments	181	179
Transactions involving shares and/or other financial instruments	-	-
Long-term incentives under 2006-2008 business plan and non-competition compensation to outgoing Chairman	2,406	-
Other benefits -	**5,125**	**2,603**
Advances	-	-
Loans granted	-	-
Pension funds and plans: Contributions	-	-
Pension funds and plans: Obligations assumed	-	-
Life insurance premiums	28	26
Guarantees given for directors	-	-
	5,153	2,629

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

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

	THOUSANDS OF EUROS	
	12/31/2009	12/31/2008
Type of director -		
Executive	3,903	1,529
Non-executive proprietary directors	414	357
Non-executive independent directors	733	545
Other non-executive directors	103	198
	5,153	2,629

Pursuant to Article 127 ter.4 of the Spanish Public Limited Liability Companies Law, introduced by Law 26/2003, of 17 July, which amended Securities Market Law 24/1988, of 28 July, and the Consolidated Spanish Public Limited Liability Companies Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Gamesa Corporación Tecnológica, S.A. in which the former or current members of the Board of Directors own equity interests and of the functions, if any, that they discharge thereat:

Owner	Investee	Line of business	Number of shares	Functions
Arregui Ciarsolo, Juan Luis	Iberdrola, S.A.	Electricity industry	30,284,584	Deputy Chairman, member of the Executive Standing Committee and member of the Nomination and Remuneration Committee
IBERDROLA, S.A.	Iberdrola Renovables, S.A.	Electricity industry	3,379,251,920	None
	Iberdrola Generación, S.A.	Electricity industry	444,469,000	Sole director
	Iberdrola Energía, S.A.	Electricity industry	49,097,370	Sole director
	Iberdrola Ingeniería y Construcción, S.A. (Sole-Shareholder Company)	Electricity industry	110,000	Sole director
	Scottish Power, Limited	Electricity industry	106,197,793	None
Velasco Gómez, Pedro	Iberdrola, S.A.	Electricity industry	24,780	Non-energy businesses and real estate manager
Fernández-Lerga, Carlos	Iberdrola Renovables, S.A.	Electricity industry	398	None

In 2009 the other Board members did not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Gamesa. Also, the current or former directors have not performed and are not currently performing any activity, as independent professionals or as employees, which is identical, similar or complementary to the activity that constitutes the company object of Gamesa.

31. Remuneration of senior executives

The remuneration (salary, compensation in kind, social security contributions, etc.) relating to the Parent's general managers and persons who perform similar functions – excluding those who were simultaneously members of the Board of Directors (whose remuneration is detailed above) – amounted to EUR 5,088 thousand in 2009 (2008: EUR 6,125 thousand).

In 2009 there were no transactions with executives other than those carried out in the ordinary course of business.

32. Balances and transactions with related parties

All the significant balances at year-end between the consolidated companies and the effect of the transactions between them in 2009 were eliminated on consolidation. The detail of the transactions with associates that are related parties and which were not eliminated on consolidation in 2009 and 2008 is as follows:

THOUSANDS OF EUROS

2009	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 8, 17 and 18)	356,725	86,356	785,981	8,893
Windar Renovables, S.L. and subsidiaries (Note 12)	698	45,304	120,944	162,446
TOTAL RELATED COMPANIES	357,423	131,660	906,925	171,339

THOUSANDS OF EUROS

2008	Balances receivable	Balances payable	Sales and services rendered	Services received
Iberdrola, S.A. and subsidiaries (Notes 8, 17 and 18) (*)	315,356	484,310	860,101	3,757
Windar Renovables, S.L. and subsidiaries (Notes 2-g and 12)	42,050	1,313	148,642	194,822
TOTAL RELATED COMPANIES	357,406	485,623	1,008,743	198,579

(*) These amounts include balances receivable and payable included in the assets (and the liabilities associated with the assets) classified as held for sale (see Note 8) at 31 December 2008, amounting to EUR 175,961 thousand and EUR 12,932 thousand, respectively.

In addition to the strategic agreement entered into by Gamesa and Iberdrola Renovables, S.A., described in Note 8, the Group has the following agreements with Iberdrola, S.A. (see Note 18) and Iberdrola Group companies.

Agreements relating to the Generation business:

On 26 October 2005, the Gamesa Group executed a new framework agreement with Iberdrola Renovables, S.A. consisting of a commitment to acquire ownership interests in companies owning wind farms in Andalusia and Italy up to a total attributable capacity of 600 MW and 100 MW, respectively.

On 21 December 2007, Gamesa and Iberdrola Renovables, S.A. agreed to update this agreement, whereby Iberdrola Renovables, S.A. acquired the ownership interests in companies owning wind farms primarily located in Andalusia, with a total attributable capacity of 578 MW (which may be increased by the buyer to 594 MW) in accordance with the expected average gains established and guaranteed in the initial agreement, and the deadlines for the start-up of the wind farms. At 31 December 2008 the deadline for start-up was set at 31 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 based on the update made.

On the same date on which the Strategic Agreement with Iberdrola Renovables, S.A. was implemented and structured (see Note 8), the parties agreed to adjust the purpose of the purchase and sale agreement for wind farms in the US entered into on 29 December 2006, which has entailed to date the sale to Iberdrola Renovables, S.A. of a total of 400 MW, addressing only the sale of 100 MW in addition to those already sold.

Agreements relating to the Manufacturing business:

On 3 October 2006, the Gamesa Group, through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company), entered into an agreement with the Iberdrola Group amounting to approximately EUR 2,300 million to supply WTGs with a total capacity of 2,700 MW during the period from 2007 to 2009, which are being installed in wind farms in Spain, the rest of Europe, Mexico and the US.

As part of Gamesa's business plan to focus on strategic markets in order to position itself as the supplier of choice for its large customers, on 13 June 2008, Gamesa Eólica, S.L. (Sole-Shareholder Company) and Iberdrola Renovables, S.A. reached an agreement to supply 4,500 MW to wind farms in Europe, Mexico and the US between 2010 and 2012, both inclusive. This agreement includes the assembly and start-up of WTGs, 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.

Gamesa and Iberdrola Renovables S.A. also agreed to prepare, by 31 March 2010, a consolidated text which would include all the contents of the aforementioned agreements.

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

On 25 June 2007, Gamesa (through its subsidiary Gamesa Eólica, S.L. (Sole-Shareholder Company)) entered into an agreement with Windar Renovables, S.L. for the supply of tower sections.

33. Financial position and events after 31 December 2009

a) Financial position

The Gamesa Group does not deem it necessary to obtain additional new funding in order to finance its investment programme scheduled for 2010.

As indicated in Note 19, at 31 December 2009, the Gamesa Group had been granted loans and undrawn credit facilities that accounted for 40.69% of the total financing granted to it (31 December 2008: 65.51%). The Gamesa Group did not arrange any additional loans between the aforementioned date and the date of preparation of these consolidated financial statements, as it considers that the cash requirements for 2010 are fully covered.

b) Events subsequent to 31 December 2009

On 18 February 2010, the Gamesa Group signed a memorandum of understanding with BARD Holding GmbH for the joint development and marketing of WTGs and services in the offshore wind market.

Under the cooperation agreement, Gamesa will acquire a non-controlling interest in BARD's share capital, and a joint venture will be set up to carry out sales activities, provide services to the offshore wind market and sell turnkey wind farms.

The two companies have agreed on a negotiating period until the end of March, exclusively to develop the structure of the cooperation arrangement.

34. Auditors' fees

The fees for financial audit services provided to the various Gamesa Group companies and subsidiaries by the principal auditor and by other entities related to the auditor in 2009 amounted to EUR 1,143 thousand (2008: EUR 1,137 thousand). Also, the fees paid in this connection to other auditors who participated in the audit of various Group companies amounted to EUR 141 thousand (2008: EUR 116 thousand).

In 2009 the principal auditor and other entities related to the auditor provided other review and audit-related services amounting to EUR 262 thousand (2008: EUR 278 thousand), in addition to other professional services to the various Group companies amounting to EUR 414 thousand (2008: EUR 1,379 thousand). Also, the fees paid in this connection to other auditors who participated in the audit of various group companies amounted to EUR 1,170 thousand (2008: EUR 1,045 thousand).

35. Earnings per share

At 31 December 2009, the weighted average number of ordinary shares used in the calculation of earnings per share was 240,439,554 shares (31 December 2008: 241,826,557 shares) (see Note 18-a), because in 2009 Gamesa held an average of 2,860,350 treasury shares (see Note 18-d).

The basic earnings per share from continuing operations attributable to the Parent in 2009 and 2008 were as follows:

	2009	2008
Net profit from continuing operations attributable to the Parent (thousands of euros)	114,666	179,251
Average number of shares outstanding	240,439,554	241,826,557
Basic earnings per share from continuing operations (euros)	0.4769	0.7412

At 31 December 2009 and 2008, Gamesa Corporación Tecnológica, S.A., the Parent of the Gamesa Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

36. Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following are the most significant standards and interpretations that had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

		Obligatory application in the years beginning on or after:
Standards, amendments and interpretations:		
Approved for use in the European Union		
Revision of IFRS 3	Business Combinations	1 July 2009
Amendments to IAS 27	Changes in Ownership Interests	1 July 2009
Amendments to IAS 39	Eligible Hedged Items	1 July 2009
Amendments to IAS 32	Classification of Rights Issues	1 February 2010
IFRIC 12 (1)	Service Concession Arrangements	1 April 2009
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 17 (1)	Distributions of Non-Cash Assets to Owners	1 November 2009
IFRIC 18 (1)	Transfers of Assets from Customers	1 November 2009
Not yet approved for use in the European Union		
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
2009 Improvements to IFRSs	Non-urgent amendments to IFRSs	Various (mainly 1 January 2010)
Amendments to IFRS 2	Share-based Payment Transactions among Group Entities	1 January 2010
Revision of IAS 24	Related Party Disclosures	1 January 2011
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

(1) Date of obligatory application as approved in the Official Journal of the European Union, which differs from the original date set by the IASB.
(2) Standards and interpretations not yet adopted by the European Union at the date of formal preparation of these consolidated financial statements.

The directors have assessed the potential impact of the future application of the aforementioned standards, amendments and interpretations and concluded that their entry into force will not have a material effect on the consolidated financial statements.

Revision of IFRS 3, Business Combinations and amendments to IAS 27, Consolidated and Separate Financial Statements-

The revised IFRS 3 and the amendments to IAS 27 give rise to very significant changes in several matters relating to accounting for business combinations which, in general, place greater emphasis on the use of fair value. Some of the most important changes concern the treatment of acquisition costs, which will be taken to expenses rather than be considered to be an increase in the cost of the business combination as per the current accounting treatment; step acquisitions, in which the acquirer revalues the investment at fair value on the date control is obtained, or the option to measure at fair value the non-controlling insterests of the acquiree rather than measure them at the proportional part of the fair value of the net assets acquired as per the only current accounting treatment.

Since the standard will be applied prospectively, in general the directors do not expect any significant modifications to arise in connection with the business combinations performed.

Amendment to IAS 39, Eligible Hedged Items

This amendment to IAS 39 aims to clarify two specific hedge accounting issues: (a) when inflation can be a hedged risk and (b) when options bought can be designated as hedges. According to the amendment, inflation risk may only be hedged to the extent that it is a contractually identified portion of the cash flows to be hedged. Only the intrinsic value and not the time value of an option may be hedged.

The directors consider that the entry into force of this amendment will not have any material effect on the consolidated financial statements, since there are no hedges in respect of any of the situations affected by the amendment.

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9 will in the future replace the current part of IAS 39 relating to classification and measurement. There are very significant differences with respect to the current standard, including the approval of a new classification model based on only two categories, namely instruments measured at amortised cost and those measured at fair value, the disappearance of the current “held-to-maturity investments” and “available-for-sale financial assets” categories, impairment analyses only for assets measured at amortised cost and the non-separation of embedded derivatives in financial contracts.

At the reporting date, the future effects of the adoption of this standard had not yet been analysed.

Amendments to IFRS 2, Share-based Payment

The amendment refers to the accounting of share-based payment programmes within a group. The main changes involve the inclusion in IFRS 2 of the matters dealt with in IFRIC 8 and IFRIC 11; consequently, these interpretations will be repealed due to the inclusion of their content in the main body of the standard. The amendment clarifies that an entity that receives the employee or supplier services must recognise the transaction regardless of whether another entity in the group settles the transaction and regardless of whether the transaction is settled in cash or in the form of shares.

In view of the nature of these amendments, it is not expected to have any material impact on the Group’s consolidated financial statements.

Amendment IAS 32, Classification of Rights Issues

The amendments relate to the classification of rights issued to acquire shares (rights, options or warrants) denominated in foreign currencies. It stipulates that when these rights are issued to acquire a fixed number of shares for a fixed amount they are equity instruments, regardless of the currency in which this fixed amount is denominated and provided they meet other requirements laid down in the standard.

The Group has not issued any instruments of these characteristics and, therefore, this amendment will have no impact whatsoever.

Revision of IAS 24, Related Party Disclosure

This revision of IAS 24 concerns the disclosures to be made about related parties in the financial statements. There are two basic developments, the introduction of partial exemption from making certain disclosures when the related party is a subsidiary or an entity related to the State (or the equivalent government institution), and the revision of the definition of a related party, clarifying certain relationships which were previously not explicit in the standard.

Based on the analysis performed of the impact of this amendment, there will be no change in the related parties currently defined by the Group.

IFRIC 12, Service Concession Arrangements

Service concession arrangements are arrangements whereby a government or other public sector entity grants contracts for the provision of public services, such as roads, airports, water and power supplies to private sector operators. The government retains control over the assets but the private operator is responsible for the construction, management and maintenance of the public infrastructure. IFRIC 12 establishes how the concession operators must apply the existing IFRSs when accounting for the rights and obligations assumed under arrangements of this type.

The directors consider that the entry into force of this interpretation will not have a significant effect on the consolidated financial statements for the respective concessions obtained.

IFRIC 15, Agreements for the Construction of Real Estate-

This interpretation addresses the recognition of revenue and expenses associated with the construction of real estate, helping to clarify when an agreement for the construction of real estate falls under IAS 11, Construction Contracts, or when it is within the scope of IAS 18, Revenue, and, therefore, depending on the nature of the agreement, when and how revenue should be recognised.

The directors consider that the entry into force of this interpretation will not affect the consolidated financial statements since the Company has applied criteria which are consistent with those currently established in the interpretation.

IFRIC 17, Distributions of Non-cash Assets to Owners

This interpretation addresses the accounting treatment of distributions of assets other than cash to an entity's owners ("dividends in kind"), although the distribution of assets within the same group or between entities under common control is excluded from its scope. The interpretation establishes the recognition of the obligation at the fair value of the asset to be distributed and any difference between the fair value and the carrying amount of the asset is to be recognised in profit or loss.

The directors consider that the entry into force of this interpretation will not affect the consolidated financial statements since the Company has been applying principles consistent with those currently established in the interpretation to transactions of this type.

IFRIC 18, Transfers of Assets from Customers

This interpretation describes the accounting procedure for agreements in which an entity receives an asset from a customer which it must then use to provide the customer with access to supplies (customary in the case of electricity, gas or water, for example) or to provide the customer with a service.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment required when a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability. The interpretation does not apply to these types of transactions when the counterparties concerned are shareholders or related parties and is acting as such, nor when the exchange of the liability for equity instruments was already provided for in the terms of the original contract. In this case, the equity instruments issued would be measured at fair value at the date the liability is extinguished and any difference between this value and the carrying amount of the liability would be recognised in profit or loss.

This interpretation will not lead to a change in the Group's accounting policies, since in similar transactions in the past accounting principles consistent with the new IFRIC were applied.

37. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

APPENDIX
COMPANIES COMPOSING THE GAMESA GROUP AT 31 DECEMBER 2009

(Thousands of euros)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
FULLY CONSOLIDATED COMPANIES							
A) GAMESA ENERGÍA GROUP							
Gamesa Energía, S,A,	Development of wind farms	Deloitte	Álava	100%	35,491	367,031	88,928
A.1) Wind farms							
• Development of wind farms							
Gamesa Inversiones Energéticas Renovables. S.C.R. de Régimen Simplificado, S.A.	Development of wind farms	Deloitte	Vizcaya	100%	1,200	(981)	25,074
Gamesa Energía Italy, S.P.A.	Development of wind farms	Deloitte	Italy	100%	570	(58)	27
Gamesa Energiaki Hellas, A.E.	Development of wind farms	Deloitte	Greece	100%	234	(29)	1
Gamesa Energía Portugal, S.A.	Development of wind farms	Deloitte	Portugal	100%	475	354	(4)
Gamesa Energie France., E.U.R.L.	Development of wind farms	Deloitte	France	100%	60	53	(1,344)
Parques Eólicos del Caribe, S.A.	Development of wind farms	-	Dominican Re-public	57%	696	(390)	(22)
Navitas Energy, Inc.	Development of wind farms	Deloitte	United States	93.20%	252	6,504	(10,939)
Carpathian Wind, SRL	Development of wind farms	-	Rumanía	100%	-	(146)	(405)
Gamesa Wind Romania, SRL (*)	Development of wind farms	-	Rumanía	100%	-	-	(11)
Whitehall Wind	Development of wind farms	Deloitte	United States	100% Navitas	0	-	
Main Wind 1	Development of wind farms	Deloitte	United States	100% Navitas	0	-	
Gamesa Energía Polska	Development of wind farms	Deloitte	Poland	100%	112	327	(487)
Sistems Electrics Espluga S.A.	Development of wind farms	-	Barcelona	50%	61	(321)	(67)
Gamesa Energy UK, Ltd.	Development of wind farms	Deloitte	United Kingdom	100%	0	(1,630)	(257)
Gamesa Energie Deutschland, GmbH	Development of wind farms	Deloitte	Germany	100%	575	1,313	(1,462)
GERR. Grupo Energético XXI. S.A.	Development of wind farms	-	Barcelona	100%	1,605	(57)	(4,094)
International Wind Farm Developments II, S.L.	Development of wind farms	-	Vizcaya	100%	3	(1)	-
International Wind Farm Developments III, S.L.	Development of wind farms	-	Vizcaya	100%	3	(1)	(1)
International Wind Farm Developments IX, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	(1)
International Wind Farm Developments X, S.L. (*)	Development of wind farms	-	Vizcaya	100%	3	-	-

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
• Operation of wind farms							
Windfarm Trinnwillershagen Entwicklungsgesellschaft,, GmbH	Development of wind farms	-	Germany	50 %	51	559	35
Baileyville Wind Farm, LLC	Operation of wind farms	-	United States	100%	-	-	-
Windfarm 32 Gmbh	Operation of wind farms	-	Germany	100%	25	(2)	-
Windfarm 33 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 34 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 35 Gmbh	Operation of wind farms	-	Germany	100%	25	(3)	1
Windfarm 36 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	(113)
Windfarm 37 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 38 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 39 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 40 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
Windfarm 41 Gmbh	Operation of wind farms	-	Germany	100%	25	(1)	-
S,E, Balazote, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(3)
S,E, Cabezo Negro, S.A.	Operation of wind farms	-	Zaragoza	95.08%	61	(3)	(246)
SAS SEPE du Mont de Chatillon	Operation of wind farms	-	France	100%	37	(4)	(3)
SAS SEPE de la Pomarede	Operation of wind farms	-	France	100%	37	(8)	(3)
SAS SEPE du Plateu	Operation of wind farms	-	France	100%	37	(7)	(6)
SAS SEPE D´ Atlancia	Operation of wind farms	-	France	100%	37	(4)	(3)
SAS SEPE de la Bastide Aut, Mont	Operation of wind farms	-	France	100%	37	(4)	(3)
PETAF - Energia Eolica Sociedade Unipessoal Lda	Operation of wind farms	-	Portugal	100%	5	(1)	-
Sistemas Energéticos La Plana, S.A.	Operation of wind farms	-	Zaragoza	90%	421	1,625	74
Sistemas Energéticos La Estrada,. S.A.	Operation of wind farms	-	La Coruña	100%	61	(164)	(49)
Sistemas Energéticos Mondoñedo Pastoriza, S.A.	Operation of wind farms	-	La Coruña	100%	61	(103)	162
Sistemas Energéticos Ferrol Nerón, S.A.	Operation of wind farms	-	La Coruña	100%	61	(15)	(5)
Sistemas Energéticos La Jimena, S.A.	Operation of wind farms	-	Soria	60%	61	(181)	(52)
Sistemas Energéticos Barandón, S.A.	Operation of wind farms	-	Valladolid	100%	61	(3)	(1)
Eoliki Eliniki A.E.	Operation of wind farms	Deloitte	Greece	86%	68	(31)	(36)
Eoliki Peloponisou Lakka Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	59	(29)	(7)
Eoliki Attikis Kounus Energiaki A.E.	Operation of wind farms	Deloitte	Greece	86%	59	(28)	(9)
Parco Eólico Orune, S.P.A.	Operation of wind farms	-	Italy	100%	30	(12)	(3)
Parco Eólico Pedro Ghisu, S.P.A.	Operation of wind farms	-	Italy	90%	30	(15)	(1)
Parco Eólico Nevena, S.P.A.	Operation of wind farms	-	Italy	100%	30	(13)	(3)
Parco Eólico Punta Ferru, S.R.L.	Operation of wind farms	-	Italy	90%	30	(5)	(1)
Parco Eólico Marsica Vento, S.R.L.	Operation of wind farms	-	Italy	90%	30	(6)	(1)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Parco Eólico San Francesco, S.R.L.	Operation of wind farms	-	Italy	100%	30,069	(9)	(16)
Sistemas Energéticos Ventorrillo, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(1)
Sistemas Energéticos Almodóvar del Río, S.L. (*)	Operation of wind farms	-	Vizcaya	100%	3	(1,140)	(5)
Sistemas Energéticos Carellana, S.A.	Operation of wind farms	-	Toledo	100%	61	(3)	-
Sistemas Energéticos Ritobas, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(1)
Sistemas Energéticos de Tarifa, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(7)	(7)
Sistemas Energéticos Argañoso, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(18)	-
Sistemas Energéticos Odra, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(1)
Sistemas Energéticos Ortegal, S.A.	Operation of wind farms	-	La Coruña	80%	61	(3)	(4)
Sistemas Energéticos del Sur, S.A.	Operation of wind farms	-	Seville	70%	5,761	(86)	(123)
Sistemas Energéticos Castillejo, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(1)
Sistemas Energéticos los Nietos, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Pontenova Riotorto, S.A.	Operation of wind farms	-	La Coruña	100%	61	(9)	(320)
Sistemas Energéticos Sierra de Lourenza, S.A.	Operation of wind farms	-	La Coruña	100%	61	(49)	(1)
Sistemas Energéticos Loma del Reposo, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(11)	-
Sistemas Energéticos La Jauca, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Edreira, S.A.	Operation of wind farms	-	La Coruña	100%	61	9	(1)
Sistemas Energéticos Del Toro, S.A.	Operation of wind farms	-	Seville	100%	61	(1)	(1)
Sistemas Energéticos Cañarete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos El Pertiguero, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Campoliva, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(2)	(1)
Sistemas Energéticos Herrera, S.A.	Operation of wind farms	-	Zaragoza	100%	61	(1)	(1)
Sistemas Energéticos Carril, S.L.	Operation of wind farms	-	Vizcaya	100%	61	(2)	(1)
Sistemas Energéticos Alto del Abad, S.A.	Operation of wind farms	-	Valladolid	100%	61	(2)	(3)
Sistemas Energéticos Del Zenete, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Alcohujate, S.A.	Operation of wind farms	-	Toledo	100%	61	(2)	(4)
Energiaki Megas Lakkos, A.E.	Operation of wind farms	Deloitte	Greece	100%	60	(28)	(10)
SAS SEPE de Menetreol Sous Vatan	Operation of wind farms	-	France	100%	37	(19)	(4)
SAS SEPE des Potences	Operation of wind farms	-	France	100%	37	(11)	(4)
SAS SEPE de la Bouleste	Operation of wind farms	-	France	100%	37	(13)	(36)
SAS SEPE Serre du Bichou	Operation of wind farms	-	France	100%	37	(5)	(12)
SAS SEPE Saint Georges de Noisné	Operation of wind farms	-	France	100%	37	(11)	(39)
SAS SEPE Lingevres	Operation of wind farms	-	France	100%	37	(5)	(3)
SAS SEPE Corlay Saint Mayeux	Operation of wind farms	-	France	100%	37	(9)	(3)
SAS SEPE St, Loup de Saintonge	Operation of wind farms	-	France	100%	37	(7)	(3)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
SAS SEPE Villiers Vouille et Yversay	Operation of wind farms	-	France	100%	37	(11)	(3)
SAS SEPE de la Nelausa	Operation of wind farms	-	France	100%	37	(10)	(4)
SAS SEPE Souvigne	Operation of wind farms	-	France	100%	37	(11)	(4)
SAS SEPE Dampierre Prudemanche	Operation of wind farms	-	France	100%	37	(11)	(7)
SAS SEPE de L'Epinette	Operation of wind farms	-	France	100%	37	(11)	(3)
SAS SEPE Germainville	Operation of wind farms	-	France	100%	37	(11)	(4)
SAS SEPE Ecueille	Operation of wind farms	-	France	100%	37	(13)	(5)
SAS SEPE Janaillat at Saint Dizier Leyrenne	Operation of wind farms	-	France	100%	37	(19)	(34)
SAS SEPE Du p,e, Moreac	Operation of wind farms	-	France	100%	37	(14)	(24)
SAS SEPE Poullan	Operation of wind farms	-	France	100%	37	(8)	(3)
SAS SEPE Kaymard	Operation of wind farms	-	France	100%	37	(8)	(3)
SAS SEPE La Vaysse	Operation of wind farms	-	France	100%	37	(3)	(3)
SAS SEPE Monplaisir	Operation of wind farms	-	France	100%	37	(9)	(3)
SAS SEPE D'Aussac Vadalle Pas	Operation of wind farms	-	France	100%	37	(13)	(23)
Urgeban Grupo Energético, S.A.	Development of wind farms	-	Valencia	100%	300	(302)	(4)
Parque Eólico Ortona Vento, S.R.L.	Operation of wind farms	-	Italy	87.5%	30	(10)	(1)
Parque Eólico Monte Selva, S.R.L.	Operation of wind farms	-	Italy	86.5%	30	(10)	(1)
Sistemas Energéticos Mesa de Ocaña, S.A.	Operation of wind farms	-	Toledo	100%	61	(42)	(32)
Sistemas Energéticos Fonseca, S.A.	Operation of wind farms	-	La Coruña	100%	61	(61)	(11)
Sistemas Energéticos del Umia, S.A.	Operation of wind farms	-	La Coruña	100%	61	(2)	(1)
Sistemas Energéticos Cuntis, S.A.	Operation of wind farms	-	La Coruña	100%	61	(2)	(1)
Parque Eólico do Cigarrelho, S.A.	Operation of wind farms	-	Portugal	100%	50	(15)	-
Sistemas Energéticos Los Lirios, S.A.	Operation of wind farms	-	Seville	60%	61	(2)	(11)
Sistemas Energéticos Alto do Seixal, S.A.	Operation of wind farms	-	La Coruña	100%	61	(6)	(2)
Energies Renouvelables Development, S.A.R.L.	Operation of wind farms	-	France	100%	9	(10)	(5)
BII NEE Stipa Energía Eólica	Operation of wind farms	-	Mexico	74.82%	8	(3)	985
Sistemas Energéticos Fuerteventura, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(5)	(1)
Sistemas Energéticos Arico, S.A.	Operation of wind farms	-	Canary Islands	100%	61	(3)	(1)
Sistemas Energéticos Alto de Croa, S.A.	Operation of wind farms	-	La Coruña	100%	61	(43)	(2)
Sistemas Energéticos La Gomera, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	-
Sistemas Energéticos Cabanelas, S.A.	Operation of wind farms	-	La Coruña	100%	61	(7)	(1)
Sistemas Energéticos Sierra de Costanazo, S.A.	Operation of wind farms	-	Valladolid	60%	61	(4)	(6)
Abruzzo Vento, S.P.A.	Construction and operation of wind farms	-	Italy	90%	30	(29)	(12)
Sistemas Energéticos Quiñonería, S.A.	Operation of wind farms	-	Valladolid	60%	191	(4)	-
Eólica Da Cadeira, S.A.	Operation of wind farms	-	La Coruña	65%	60	(30)	-
EBV Holding Verwaltung GMBH	Operation of wind farms	-	Germany	100%	25	14	1
EBV WP Nr. 28 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(50)	(40)
EBV WP Nr. 29 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(2)	
EBV WP Nr. 30 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
EBV WP Nr. 31 GmbH & Co. KG	Operation of wind farms	-	Germany	100%	5	(1)	
Sistemes Energetics Conesa II, S.A.	Operation of wind farms	-	Barcelona	100%	61	(3)	(1)
Sistemes Energetics Savalla del Comtat, S.A.	Operation of wind farms	-	Barcelona	100%	61	(2)	(12)
Sistemas Energéticos La Retuerta, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(16)
Sistemas Energéticos Las Cabezas, S.A.	Operation of wind farms	-	Seville	100%	61	(12)	(7)
Sistemas Energéticos La Tallisca, S.A.	Operation of wind farms	-	Seville	100%	61	(10)	(56)
Sistemas Energéticos El Centenar, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(42)
Sistemas Energéticos Majal Alto, S.A.	Operation of wind farms	-	Seville	100%	61	(7)	(9)
Sistemas Energéticos Valdefuentes, S.A. (*)	Operation of wind farms	-	Seville	100%	61	(3)	(33)
Sistemas Energéticos El Saucito, S.A.	Operation of wind farms	-	Seville	100%	61	(3)	(39)
Sistemas Energéticos Loma del Viento, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Las Canteras, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Los Claveros, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Egea, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Sierra de Lucar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Sierra de Oria, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Sierra de las Estancias, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Almirez, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Caniles, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos El Periate, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Mojonera, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Zujar, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Cuerda Gitana, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Capellán, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos las Pedrizas, S.A.	Operation of wind farms	-	Seville	100%	61	(2)	(1)
Sistemas Energéticos Jaralón, S.A.	Operation of wind farms	-	Vizcaya	100%	61	(4)	(36)
Parco Eolico Piano Di Iopa. S.R.L	Operation of wind farms	-	Italy	100%	30	(8)	(3)
SAS SEPE de la Souterraine	Operation of wind farms	-	France	100%	37	(6)	(9)
Gamesa Japan Kabushiki Kaisha	Operation of wind farms	-	Japan	100%	18	452	(312)
Gamesa Wind Hungary LLC	Operation of wind farms	-	Hungary	100%	12	1,129	(643)
Gamesa Eolica Greece E.P.E.	Operation of wind farms	-	Greece	100%	18	24	(6)
Energiaki Pilou – Methonis, A.E.	Operation of wind farms	-	Greece	100%	60	(32)	(8)
Energiaki Polimilou, A.E.	Operation of wind farms	-	Greece	100%	60	(55)	(10)
Energiaki Ptoon, A.E.	Operation of wind farms	-	Greece	100%	60	(13)	(33)
Taciewo sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(5)	(13)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Pielplin sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(6)	(10)
Southern Windfarm sp. Zoo. W Organizacji	Operation of wind farms	-	Poland	100%	14	(5)	(5)
Sistemes Energetics Conesa I, S.L.	Operation of wind farms	-	Barcelona	100%	3	(1)	443
Vento Artabro, S.A.	Operation of wind farms	-	La Coruña	80%	61	(1)	(16)
Xeracion Eolica de Galiza, S.A.	Operation of wind farms	-	Santiago de Compostela	65%	60	(7)	(1)
Zuromin Z.o.o.	Operation of wind farms	Deloitte	Poland	100%	15	(3)	(6)
Krzecin Z.o.o.	Operation of wind farms	Deloitte	Poland	100%	15	(3)	(5)
Parco Eolico Tuturano S.R.L.	Operation of wind farms	-	Italy	100%	30	(3)	(3)
Parco Eolico Prechicca S.R.L.	Operation of wind farms	-	Italy	100%	30	(3)	(3)
Parco Eolico Monte Maggio Scalette S.R.L.	Operation of wind farms	-	Italy	100%	30	(3)	(3)
Sistemas Energéticos Monte Genaro, S.L. (*)	Operation of wind farms	-	Vizcaya	100%	3	-	(1)
Sistemas Energéticos Sierra de Valdefuentes, S.L.	Operation of wind farms	-	Vizcaya	100%	3	-	(1)
Sistemas Energéticos Sierra del Carazo, S.L. (*)	Operation of wind farms	-	Vizcaya	100%	3	-	(1)
Windfarm Diemelse, GmbH	Operation of wind farms	-	Germany	100%	25	(89)	(144)
Carscreugh Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%	-	-	-
Harelaw Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%	-	-	-
Trane Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%	-	-	-
Shap Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%	-	-	-
Foel Fynyddau Renewable Energy Park Ltd. (*)	Operation of wind farms	-	United Kingdom	100%	-	-	-
Watford Gap Renewable Energy Park Ltd. (*)	Operation of wind farms	-	United Kingdom	100%	-	-	-
Pencoed Renewable Energy Park Ltd. (*)	Operation of wind farms	-	United Kingdom	100%	-	-	-
Aberchalder Renewable Energy Park Ltd. (*)	Operation of wind farms	-	United Kingdom	100%	-	-	-
Windfarm Ringstedt II. GmbH	Operation of wind farms	-	Germany	100%	25	(761)	(276)
Toftingall Renewable Energy Park Ltd. (*)	Operation of wind farms	-	United Kingdom	100%	-	-	-
Llynfi Renewable Energy Park Ltd.	Operation of wind farms	-	United Kingdom	100%	-	-	-
Llanfynydd Renewable Energy Park Ltd.	Operation of wind farms	-	EEUU	100%	-	-	-
Windfarm Winterspelt. GmbH	Operation of wind farms	-	Germany	100%	25	(892)	(219)
Windfarm Gross Hasslow GmbH	Operation of wind farms	-	Germany	100%	25	(203)	(113)
Windfarm Oberende GmbH	Operation of wind farms	-	Germany	100%	25	(3)	(34)
Windfarm Wanlo / Mönnchen Gladbach. GmbH	Operation of wind farms	-	Germany	100%	25	(205)	(263)
Windfarm Hiddels II / Ellenserdamm GmbH	Operation of wind farms	-	Germany	100%	25	(867)	(4)

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
A.2) Manufacture of WTGSs							
Gamesa Eólica, S.L.	Wind-powered facilities	Deloitte	Navarra	100%	3	378,527	19,972
Gamesa Investigation and Technology	Manufacture of moulds and blades and provision of central services (engineering)	Deloitte	Navarra	100%	2,895	491,893	59,960
Estructuras Metálicas Singulares, S.A.	Manufacture of WTGSs	Deloitte	Navarra	100%	61	5,545	280
Gamesa Wind Engineering, APS	Manufacture of WTGSs	Deloitte	Navarra	100%	61	5,545	280
Gamesa Wind, GMBH	Wind-powered facilities	-	Germany	100%	995	(8,052)	(2,338)
Gamesa Eólica Italy, S.R.L.	Wind-powered facilities	Deloitte	Italy	100%	100	698	306
Gamesa II Eólica Portugal Sociedade Unipessoal Lda	Wind-powered facilities	-	Portugal	100%	960	1,091	(173)
Gamesa Wind Turbines PTV, Lda	Wind-powered facilities	-	India	100%	3,768	(269)	(2,206)
Gamesa Blade Tianjin Co Ltd.	Design, manufacture and assembly of blades	Ernst & Young	China	100%	12,000	3,045	7,176
Gamesa (Beijing) Wind Energy System Development Co Ltd.	Manufacture of wind-power components and wind farm maintenance	-	China	100%	200	(2,466)	(1,021)
Gamesa Wind Tianjin Co Ltd.	Manufacture of wind-power components	-	China	100%	8,198	71,153	45,436
Gamesa Trading Co., Ltd.	Raw material trader	Deloitte	China	100%	49	(2)	17
Gamesa Wind Bulgaria, EOOD	Manufacture, construction and operation of wind farms		Bulgaria	100%	3	-	-
-	Bulgaria	100%	3	-	-	685	3.197
Gamesa Eolica France SARL	Wind-powered facilities	Deloitte	France	100%	8	685	3,197
Gamesa Electric, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Vizcaya	100%	9,395	13,693	1,688
Cantarey Reinosa, S.A.	Manufacture of electricity generators	Ernst & Young	Cantabria	100%	4,217	12,741	7,576
Enertron, S.L.	Manufacture of electronic equipment	Ernst & Young	Madrid	100%	301	6,619	(895)
Valencia Power Converters, S.A.	Manufacture and sale of electronic equipment	Ernst & Young	Valencia	100%	61	8,665	8,131
Gamesa Energy Transmisión, S.A.	Manufacture of wind-power components	Ernst & Young	Vizcaya	100%	21,660	11,262	16,037
Especial Gear Transmission, S.A.	Manufacture of gear assemblies	Ernst & Young	Vizcaya	100%	732	117	960
Fundición Nodular del Norte, S.A.	Iron smelting	Ernst & Young	Burgos	100%	1,200	386	715

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Transmisiones Eólicas de Galicia, S.A.	Manufacture of wind-power components	Ernst & Young	La Coruña	100%	695	608	1,342
Made Tecnologías Renovables, S.A.	Wind-powered facilities	Deloitte	Madrid	100%	6,572	4,272	4,235
Gesa Eólica Mexico, SA de CV	Wind-powered facilities	-	Mexico	100%	3	13	(490)
Gamesa Wind Poland Sp zoo	Wind-powered facilities	Deloitte	Poland	100%	13	1,826	3,237
Parque Eólico Dos Picos. S.L.	Operation of wind farms	Deloitte	Vizcaya	100%	1,229	-	-
Gamesa Morocco. SARL(*)	Wind-powered facilities	-	Morocco	100%	-	-	110
EOLO RE, S.A.	Reinsurance	-	Luxembourg	100%	3,000	13	-
B) GAMESA NUEVOS DESARROLLOS GROUP							
Gamesa Nuevos Desarrollos, S.A,.	Electrical installations	-	Vizcaya	100%	61	(2,220)	116
Gamesa Servicios do Brazil, Ltda,.	Electrical installations	-	Brazil	100%	3,254	(5,079)	489
C) GAMESA TECHNOLOGY CORPORATION GROUP							
Gamesa Technology Corporation, Inc.	Administrative management services	Deloitte	United States	100%	24,942	(55,419)	(25,907)
Fiberblade, LLC	Wind-powered facilities	Deloitte	United States	100%	1	(10,824)	(4,067)
Gamesa Wind US, LLC	Wind farm maintenance services	Deloitte	United States	100%	88	(41,991)	(36,831)
Gamesa Wind, PA	Manufacture and assembly of WTGSs	Deloitte	United States	100%	81	(42,859)	(79,939)
Gamesa Energy USA, Inc.	Development of wind farms	Deloitte	United States	100%	-	12,962	(3,287)
Fiberblade East	Wind-powered facilities	Deloitte	United States	100%	1	(16,708)	(17,288)
Towers & Metallic Structures, Inc.	Manufacture of WTGSs	Deloitte	United States	100%	2,211	(35,377)	5,277
Allegheny Wind Expansion, LLC	Operation of wind farms	-	United States	100%	-	-	-
Cedar Cap Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Crescent Ridge II, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Chestnut Flats Wind, LLC	Operation of wind farms	-	United States	100%	1	-	-
Eagle Rock Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Elk Falls Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Gulf Ranch Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-

COMPANY	LINE OF BUSINESS	AUDITOR	LOCATION	Percentage of direct/ indirect ownership	Share capital	Reserves	Profit (Loss) for the year after tax
Jackson Mountain Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Mahantango Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Rock River Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Nescopeck Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Sandstone Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Pine Grove Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Shaffer Mountain Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
Sandy Ridge Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Whispering Prairie Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Vaquillas Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Senate Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Trinity Wind, LLC	Operation of wind farms	-	United States	100%	-	-	-
White Wind Farm, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Pomeroy Wind Farm, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Minonk Wind, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
Lancaster Wind Farm, LLC (*)	Operation of wind farms	-	United States	100%	-	-	-
D) OTHER							
Cametor, S.L.	Ownership of non-current assets	-	Álava	100%	3,902	7,436	(20)
Compass Transworld Logistics, S.A.	Logistics and transport	KPMG	Navarra	51%	6,861	932	940
Gamesa Energía Aznalcollar, S. A.	Operation of wind farms	-	Seville	100%	61	(2,759)	(6,248)
Qgrid Technologies, S.L. (*)	Distributor	-	Vizcaya	60%	20	-	(7)
Gamren Eólico Solar, S.L.(*)	Wind power/Solar development	-	Madrid	49%	3	-	-
COMPANIES CONSOLIDATED USING THE EQUITY METHOD							
Windar Renovables, S.L.	Head of the companies which manufacture wind generator towers	Norte Auditores	Navarra	32%	9	26,562	
Energías Renovables San Adrián de Juarros, S.A.	Construction and operation of wind farms	-	Burgos	45%	60	(2)	(5)

(*)Companies included in the Gamesa Group in 2009,

CARLOS RODRÍGUEZ-QUIROGA MENÉNDEZ, HOLDER OF SPANISH NATIONAL IDENTITY CARD NUMBER 276302A, SECRETARY OF THE BOARD OF DIRECTORS OF THE CORPORATION "GAMESA CORPORACIÓN TECNOLÓGICA, S.A." WITH REGISTERED OFFICE AT RAMÓN Y CAJAL 7 Y 9 – VITORIA - GASTEIZ AND EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFIES:

That the text of the 2009 consolidated financial statements of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting on 24 February 2010, is that contained on the preceding 87 sheets of unstamped paper, written on the obverse only, in relation to the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements and for authentication purposes have been attested to with his signature and that of the Chairman of the Board of Directors.

In compliance with the provisions of Article 171 of the Spanish Companies Law, the directors listed below sign the document in proof of conformity.

Jorge Calvet Spinatsch
Chairman and Managing Director

Juan Luis Arregui Ciarsolo
Director

Pascual Fernández Martínez
Director

Luis Lada Díaz
Director

Santiago Bergareche Busquet
Director

Carlos Fernández-Lerga Garralda
Director

Iberdrola S.A.
(D. José Miguel Alcolea Cantos)
Director

Carlos Rodríguez-Quiroga Menéndez
Director

José Maria Vázquez Eguskiza
Director

Pedro Velasco Gómez
Director

Madrid, 24 February 2010. In witness whereof.
Authorised by the Chairman

Jorge Calvet Spinatsch
Chairman and Managing Director

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors

2009 DIRECTORS' REPORT

1. EVOLUTION OF THE GROUP DURING THE YEAR

Margin consolidation and improved working capital thanks to the strategy of aligning production with deliveries and cost management.

Highlights 2009 - GAMESA consolidated group

Gamesa Corporación Tecnológica ends 2009 consolidating its cost improvement plan, that led to an EBIT margin of 7.2% in the Wind Turbine division, and with an activity management that places working capital and debt far below the group guidance.

Group sales amounted to 3.229 MM EUR, lower than last year sales, as a result of aligning production with client orders and delivery schedules. This strategy keeps the working capital to sales ratio at 29%, far below the guidance committed to in a market characterized by the economic downturn.

The positive results of implementing the Cost Improvement Plan (PMC 500) place the average margin of the Wind Turbine division[2] at 7.2% in 2009, better than the guidance range of 6% to 7% and with a positive trend when compared to the previous year. The Wind Farm activity EBIT margin is affected by the slow down in wind farm sales activity in Europe during the first nine months of the year as well as the US economic downturn. Furthermore, in 2009 the activity margin for Wind Farms was negatively impacted by a non-recurrent adjustment from the recovery of wind farm assets in the US. As a result, the consolidated EBIT margin amounts to 177 MM EUR equivalent to 5.5% of group sales.

Gamesa Corporación Tecnológica ends the period with a solid financial position, reflected in a net debt of 259 MM EUR, equivalent to 0.7 times the consolidated EBITDA, far below the guidance of 2.5x set by Gamesa.

In a market characterized by a downturn in demand, Gamesa closes 2009 with solid results, which prove the company's capacity to maintain its Wind Turbine Generator margins and group working capital, while continuing to position its activities in order to maximize growth in the medium and long term.

1. GAMESA Corporación Tecnológica groups the activities of wind turbine production and wind farm development, construction and sales. The latter became consolidated as continued operations after the implementation of the agreement with Iberdrola Renovables signed on September 23, 2009.
2. The Wind Turbine division, previously named Wind Turbines & Holding, is redefined in reportable terms following a "management focus" so reported information is that which management uses in the evaluation of productivity by segments, the distribution of resources amongst these, and in reporting on financial performance.

Alignment of activity and deliveries

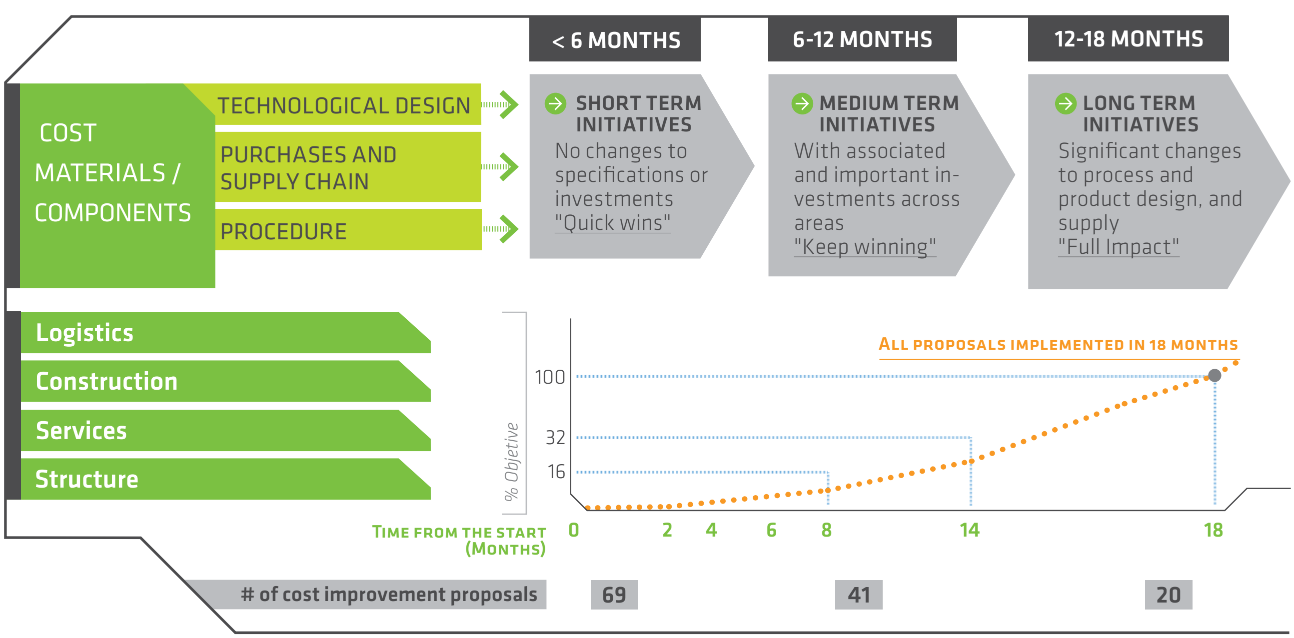
During 2009 Gamesa continued with its strategy of aligning production activity and deliveries during a time in which the demand for wind turbines has been impacted by macroeconomic uncertainty, restricted financing and delay in the approval of projects in the Pre-assignment Register (RDL 6/2009) in Spain.

This strategy has allowed the company to finish the year with a working capital to sales ratio and net debt far below the guidance committed to. Therefore, the wind turbine production unit closes the year with a working capital to sales ratio of 12%, far below the guidance of 20% in a year in which the absence of new framework agreements translated into fewer prepayments. Likewise, the wind turbine manufacturing division closed the year with net debt of 72 EUR MM or 0.2x the EBITDA.

Cost Improvement Plan

In early 2009, Gamesa launched its PMC 500 Cost Improvement Plan with the objective of increasing operational efficiency and consolidating a progressive recuperation of margins. This plan includes improvement measures throughout the entire wind turbine manufacturing cost structure, materials and components, value adds, logistics, construction and services, guarantee and structure.

During 2009, the company identified 130 cost savings measures for a total value of 400 EUR MM and a horizon of 18 months, having reached by December 2009 savings in the amount of 150 EUR MM. These measures allowed to keep efficiency and productivity ratios stable within a context of low activity levels, and to consolidate the trend of growing margins in the wind turbine manufacturing activity, which closes the year with an EBIT of 7.2%, 1.4 percentage points above 2008.



Investments in growth markets

The investment in growth markets is one of the company´s key strategies, alongside with technological innovation and the commitment to reducing the wind energy generation cost. Gamesa continues to increase its production and supply capacity in markets with economic stimulus plans linked to the development of wind power or regulatory schemes and tariffs which favor the development of wind power activity in the long term and, therefore, with greater propects for growth. Within this context Gamesa invested in China, the US and India. In the latter, Gamesa fulfilled during 2009 its expansion plans and inaugurated its first production facility in Chennai, India, with an initial capacity of 200MW, upgradable to c.500MW. From Chennai´s plant, we expect to satisfy the needs of India and neighboring countries, in more competitive conditions.

In addition, and within this strategy, Gamesa continues to adapt its product offering to each market's demand and expand its already existing capacity in both the US and China. In this regard, during the third quarter of the year, the first G90-2MW units were manufactured in the US, advancing towards the goal of increasing this market capacity up to 1,200 MW. Also, the company's industrial and commercial profile in the US has been reinforced, and is now prepared to undertake not only the commercial strategy of the G90X-2MW, but also the implementation of Windnet®, which replaces the previous SGIPE remote control software, and the launch of the G10X-4.5MW on a global scale as of 2012.

During the third quarter of 2009, Gamesa continued with its industrial development plan for the G8X - 2.0MW wind turbine in China, through the adaptation of the local assembly plant for nacelles and generators, as well as the development of agreements with strategic partners for the supply of blades and gearboxes throughout the region. This development, which is expected to be completed in 2010, will allow Gamesa to position itself with 1,000 MW of supply capacity in China, for both product platforms: G5X - 0.85 MW and G8X - 2MW.

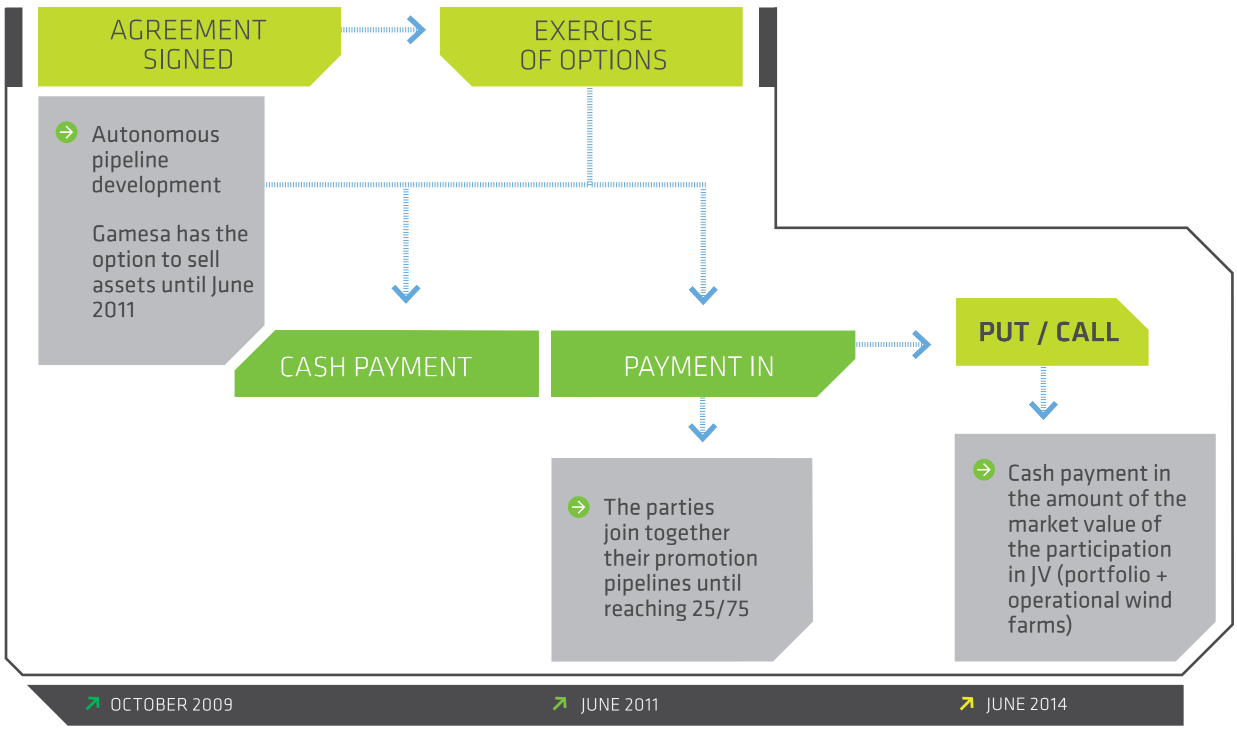
Implementation of the agreement with Iberdrola Renovables

During September, Gamesa implemented the strategic agreement reached with Iberdrola Renovables for the European wind farms, signed on June 13, 2008.

The agreement's execution is structured in two stages. In the first one, running from the September 23, 2009 up to June 30, 2011, both parties will develop their wind farm portfolio in Europe independently. This allows to restart wind farms sales in the region, suspended since June 2008 apart from any agreements entered into prior to such date. This suggests a point of inflection in the wind farm business´ working capital trend in the medium-term.

As of July 1, 2011, both parties may exercise a put or call option – cross-linked options – on Gamesa Energía's businesses included in the strategic agreement, which may come about by means of a cash payment or by jointly putting both parties' assets into a special purpose vehicle in which Gamesa will hold a 25% stake and Iberdrola Renovables a 75% stake. In either case, the assets' appraisal will be performed by the banks appointed by both parties once the execution date has elapsed. Should Iberdrola Renovables choose to put together the assets, Gamesa will have an opt-out option three years later by exercising the cross-linked options.

The wind farm portfolio in the United Kingdom was included within the portfolio assigned to the strategic agreement with Iberdrola Renovables in June 2011. In addition, the separate sale agreement for the Mexican wind farm assets has been maintained.



Financing maturity date extended through 2012

In addition to the strategic agreement with Iberdrola Renovables, Gamesa reached a deal at the beginning of October on the extension of its syndicated financing for an amount of € 1.2 billion. The transaction, which was made under the "Forward Start Facility" modality, is designed to ensure Gamesa's financing needs are met up to the aforementioned date by extending the maturity period to October 2012 and maintaining the initial agreement's covenants.

The transaction's success was reflected in the subscription level attained with more than thirty Spanish and international financial institutions taking part, thereby showing their confidence on Gamesa´s balance sheet and operations.

At the end of the third quarter, Gamesa could count on more than € 1.6 billion in financing lines, including a loan amounting to € 200 million from the European Investment Bank (EIB).

Regulatory support in key markets

Despite the macroeconomic weakness, different governments continued providing support to renewable energies during 2009. This support contributes to the short and medium term development of the industry, while long-term measures are being drawn-up and adopted.

- **China**: The Chinese government is working on the formalization of the upcoming 5-year energy plan (2011-2015) in which wind power will continue to be a strategic priority, considering the possible goal of 150 GW in renewable energy by 2020. Additionally in July 2009, the government approved a new tariff regime applicable according to the wind energy resource in question. The new tariff scheme entered into effect on August 1st, and includes a premium on tariffs paid for traditional energy sources, thus contributing to increase the visibility and profitability of business plans and favoring private investment in wind projects.
- **US**: After the application procedures for Treasury Grants in the US started in August 2009, the first round was published on September 1st, in the amount of 500 million dollars. A second round, announced on September 22nd, in

the amount of 550 million dollars, elevated the total amount awarded to date to 1,050 million dollars. These Treasury Grants are an important step forward aimed at injecting liquidity into the system and boosting investment in wind energy projects in a context where timing and requirements for obtaining private financing are longer. In addition, at the beginning of 2010, the American government granted 2,300 USD MM in aid in the form of tax credits for manufacturing projects directly related with renewable energy sources.

- In **Europa** the governments of member states of the European Union, including Spain, are at the moment working on the design of a second round of mechanisms to reach the 20/20/20 objective (20% of energy through renewable sources and a reduction of greenhouse gas (GHG) by 20% compared with the levels of 1990 by 2020) once the first round in completed in 2010.

Wind turbines

Main Factors

The high level of wind turbines installations in 2009, recently published by the Global Wind Energy Council, does not reflect the evolution of new orders in the sector, as they include the delay in the installation of orders manufactured and delivered in 2008. In addition, the demand for wind turbines in 2009 has been affected by several one-off factors in key markets.

- In Spain, the implementation of the Pre-Assignment Register in May 2009, along with a delay in the publication of wind farm projects linked to Royal Decree 661, implied a freezing of the demand for new wind turbines for more than six months in 2009. In this sense, the first awards did not take place until September, and the total amount of approved MW for installation during the following three years was not completed until December 2009. Furthermore some projects are still pending approval.
- In the US, low gas prices, which reached a minimum in September and closed the year at the same level as at the beginning of 2009, along with a delay in the approval of the federal energy law, have partially compensated the positive impact from the liquidity injection derived from the Treasury Grants.

In this context, Gamesa proved in 2009 its capacity to adapt to demand conditions through operational efficiency and the alignment of production and deliveries, applied by the company over the last 3 years. This strategy has allowed Gamesa to maintain a strict control of its working capital, while being able to manage costs and reduce capacity, obtaining a significant improvement in margins in 2009. The company has reduced its number of FTEs (full time equivalents) by 16% through a cut-back of temporary contracts and by in-sourcing activities.

Together with the launch of cost optimization plan (PMC 500), GAMESA initiated during 2009 an important commercial effort in the spot market, especially in the segment of small and medium developers, where until now the company's presence was limited. This effort led to an increase of the spot sales contribution to total group sales that amounted to 25% in 2009, compared to c. 10% in 2008.

Gamesa's Wind Turbine unit closed 2009 with:

- 3,145 MWe in wind turbines sold, which represents a deviation of less than 5% from the minimum range committed to (3,300 - 3,600 MW).
- EBIT margin of 7.2%, above the margin committed to of between 6% and 7%, and which represents an increase of 1.4 percentage points from the 2008 EBIT margin.
- Working capital to sales ratio of 12%, well below the 2009 guidance of 20%.

These results prove Gamesa's commitment to business sustainability and profitability, always prioritizing financial orthodoxy.

The breakdown of wind turbine activity in 2009 follows:

(MW)	2008	2009	% var.	Status
MW Delivered to Client	3,303	2,418	-27%	Handover of ownership to the client, at wind farm or in-factory; Invoiced
+ Variation in MWe Available ExWorks	+869	+410	-53%	Variation in wind turbine stock available for delivery to Client; Invoiced ExWorks
+ Variation of MWe in Progressl	-488	+317	-	Variation in wind turbine stock assigned to an order unavailable for delivery to Client; Not invoiced
MWe Sold	3,684	3,145	-15%	

During 2009, Gamesa delivered 2,418 MW, 27% less than in 2008, which confirms the reduction in deliveries linked to the entry of new orders in the sector. Likewise, the delay of installations in Spain (c.40% of sales in 2008) due to the delay in the publication of the authorizations of the Pre-Assignment Register (the last series were published in December), have contributed toward an increase of MWe in work in progress stock.

The geographical distribution of sales in 2009 shows a greater degree of internationalization, with sales outside Spain reaching 73% of the total, compared with 61% the previous year. Also worth highlighting is the smaller contribution of Spain and the US to total sales, reducing their weights by 12 p.p. and 6 p.p. respectively, reflecting the aforementioned circumstantial situations which both markets experienced, the delay in the approval of projects linked to the RD661 as a result of the implementation of RDL 6/2009 in Spain, and low gas prices and postponement of the approval of a federal energy law in the US. On another hand is worth highlighting the increase in the contribution by the rest of Europe, which changes from representing 17% to representing 32% of sales, with an important contribution by countries such as Italy, Poland, Hungary and Romania.

Geographical distribution of Wind Turbine MWe sold	% 2008	% 2009
Spain	39%	27%
US	21%	15%
China	13%	15%
Rest of Europe	17%	32%
Rest of World	10%	11%

The product mix remains similar, with an increasing contribution by the product MADE. The G8x - 2.0 MW wind turbine segment represents 66% of sales, while the G5x - 0.85 MW segment grows to 29% and the MADE product segment contributes 5% towards sales.

Wind Turbine Results 2009

The alignment of production and deliveries in a market affected by the slowness of project approval in Spain and the recovery of the American market, as well as the success of the implementation of the cost improvement plan, has allowed Gamesa to close 2009 surpassing the expectations as regards EBIT margin and working capital.

(MM EUR)	2008	2009	% Var.
SALES	3,651	3,113	-15%
EBITDA	498	430	-14%
EBITDA / Sales (%)	13.6%	13.8%	
EBIT	210	225	+7%
EBIT / Sales (%)	5.8%	7.2%	
Beneficio Neto	157	144	-8%
Net Prof / Sales (%)	4.3%	4.6%	
NFD	-140	72	+0.5x
NFD / EBITDA	-0.3x	0.2x	

2009 sales came 15% below those of 2008, as a result of the company's decision to align production with orders and deliveries to clients, to controll working capital levels, in a context of global economic weakness.

Likewise, Gamesa has been capable of improving its EBIT margin in 2009, up to 7.2% of sales, exceeding the margin of 6-7% committed to for 2009. This positive evolution of the margin has been a result of the application of the Cost Improvement Plan started in 2009, which translated into stable efficiency and productivity ratios, with a decrease in the number of full-time employees by 16% in a context of decreased demand and capacity, fewer structural costs, less non-conformity costs and the optimization of manufacturing time.

The reduction in guarantee costs to 3.5% of Wind Turbine sales, proves the continued improvement in processes, robustness of the Gamesa product platform and the orientation towards business excellence.

One of the key elements of 2009 was the control of working capital through a strategy for aligning production and deliveries, improved stock turnover and lead time management. This led to a working capital of 12% of sales, far below the 2009 guidance of 20%, in a context of lower activity levels.

Furthermore, Gamesa continued with its strategy of investment optimization maintaining an investment level of 128 MM EUR, amount that includes investment tied to the launch of the G90-2 MW wind turbine manufacturing capacity in the US, the development of new manufacturing capacity for the G8X-2 MW wind turbine in China, and investment in R+D and innovation linked to the launch of the new G10X-4.5 MW wind turbine.

Wind Farms

Main Factors

Gamesa has a portfolio of 22GW wind farms worldwide, assets which are a competitive advantage for the company. The company is focused on the development of its wind farm pipeline with the goal of making progress in the implementation of its value realization plans, and in addition, act as a tractor of demand for the Wind Turbine division.

This is the situation, in particular, in the wind farm division in China, where relationships continue to be strengthened with the country's largest utilities with a view to signing new joint promotion and development agreements in the future. In this sense and during 2009 Gamesa signed agreements for the joint development and promotions of wind farms in provinces with high wind potential, amounting to c.700MW. The first windfarm within the joint promotion agreements was commissioned in 2010.

Wind Farm Development Stages (MW)	2008	2009	% Growth
Potential	11,508	11,322	-1.6%
Probable	8,907	7,897	-11.3%
Highly confident	700	2,694	3.8x
Total Pipeline	21,115	21,913	+3.8%

The increase in highly confident MW is due to the promotion progress in Europe, and the recovery of over 628 MW of pipeline in the US.

The agreement with Iberdrola Renovables published on June 13, 2008, suspended the signing of new sales commitments, while those sales contracts signed with third parties prior to that date remained in effect. Along this line, Gamesa has delivered in 2009 182 MW in relation to farms already committed to with clients prior to June 2008. Furthermore, firm sales agreements for another 244 MW have been signed, billed in 2009 with sales being perfected in 2010. Gamesa maintains 840 MW in the final construction and start-up phase at December 31, 2009.

Evolution of the activity´s profile (MW)	2008	2009	% Growth.
MW under Construction	470	355	-24%
MW commissioned	279	485	+74%

Wind Farm Results 2009

2009 results in the farm division reflect the focus on the development of the actual pipeline and the freeze of construction and sales activity in Europe since the signing of the strategic agreement with Iberdrola Renovables in June 2008 and until its start-up on September 23, 2009. This paralysis, along with the delay in authorization of wind farm projects in Spain after the approval of the Pre-Assignment Register, has had a negative impact on work in progress accounting. The activity margin for Wind Farms was also negatively impacted by non-recurrent adjustment from the recovery of 628MW of the pipeline in the US.

As of October 2009, the reactivation of wind farm sales and construction in Europe allowed for an improvement of both the working capital as well as work in progress recognition. It is worth highlighting that during 2009, the Wind Farm and Promotion division delivered 182 MW, which together with the sale of 244MW perfectioned in 2010 but billed in 2009, allowed for a debt improvement compared to 2009.

(MM EUR)	2008	2009
Sales	424	563
EBIT	28	-41
Net Profit	22	-26
NFD	214	187

Results 2009 Gamesa Corporación Tecnológica

The main financial magnitudes of the consolidated group are presented below. After the launch of the strategic agreement with Iberdrola on September 23, 2009, Gamesa changed its consolidated group profile, in accordance with IFRS regulation 5. In this way, assets, liabilities and operations of the wind farm Sales and Promotion unit are presented as continued operations, instead of as assets held for sale and the result as discontinued operations.

(MM EUR)	2008	2009	% Var.
Sales	3,834	3,229	-16%
EBITDA EBITDA / Sales (%)	530 13.8%	394 12.2%	-26%
EBIT EBIT / Sales (%)	233 6.1%	177 5.5%	-24%
Net profits before discontinued operations	177	115	-35%
Net profit (1)	320	115	-
NFD NFD / EBITDA	74 0,1x	259 0,7x	 +0,6x

(1) Net Profit 2008 includes capital gain in the amount of 143MM EUR corresponding to the sale of Solar

Perspectives

New commercial strategy

The wind farm industry experienced great changes in 2009. Demand was impacted by the global financial crisis, which restricted the access to financing for many wind farm developers. Simultaneous to the decrease in demand, new manufacturers entered the sector, motivated by both the high growth rates of the industry in recent years and solid expectations for future growth, as well as by the impact of the economic crisis on their traditional businesses. This situation has generated an imbalance between supply and demand which has sparked the sector's overcapacity, and increasingly complex client needs. Within this new market environment, Gamesa has initiated a new commercial strategy based upon six pillars:

1 Maximization of value for the client

2 Global support

3 Local presence

4 Greater flexibility, lesser response time

5 Solutions tailored to the client and the project

6 Product design in collaboration with key clients

Within this new strategy, GAMESA has also broadened the focus of its activity, thus expanding its market opportunities. After successfully completing the commercial strategy focused on the key large accounts, reaching a segment´s market share above 22% at the end of 2008 (Source: EER and Gamesa), GAMESA started during 2009 a new strategy to access the small and medium wind power developers segment, segment in which the company's market share was less than 3% at the end of 2008 (Source: EER and Gamesa), by reinforcing its commercial network. Within this same strategy, GAMESA has extended its commercial presence and number of offers launched in new geographical markets, again expanding the focus of its 2006-2008 Business Plan (Europe, the US and China). Finally, the company is also increasing the contribution made by its services area, designing new products oriented at increasing the profitability of wind power activity, with the goal of duplicating service sales by 2012.

Ambitious Cost Improvement Plan

During 2009, GAMESA completed the first phase of its PMC 500 cost improvement plan by identifying 130 improvement measures for a total value of 400 EUR MM. During the year, those measures which did not entail complicated implementation, those that did not require material changes to either procedures or investments, were successfully implemented and obtained savings amounting to 150 EUR MM, while it begun the implementations of those medium and long term measures which will translate into continuous cost improvements over 2010-2011. Likewise, during 2010, another wave for identifying cost optimization measures will be set in motion to allow for consolidating manufacturing margins.

Those measures which have been identified and implemented impact the main variables related with wind turbine costs, and will lead to an increasing EBIT margin trend until 2011 through the optimization of materials/components costs (optimization of technological design, purchasing procedures and manufacturing processes); logistics (on-site optimization, assembly times and alignment of production and deliveries) construction, services, and structure.

The competitiveness of the product portfolio is completed and increased

Over the next three years, Gamesa foresees the market launch of,

- Two new product models for low and medium speed winds, which will increase the portfolio's competitiveness beyond the existing market models.
- A new product platform, the G10X-4.5MW, the design of which has been based on the premise of offering the lowest cost of energy and using the same logistics-related elements of the 2MW product platform. Furthermore, this turbine enters the market with an equivalent of 5 years of operation, thereby guaranteeing, from the very start, maximum availability, efficiency and reliability. This platform, to be launched globally, will market its first pre-series units at the end of 2010, and serial production in 2011. To reach the goal of minimizing the CoE and maintain already existing elements related with production and logistics, this platform integrates the latest technological innovations, such as Innoblade® Compactrain® or Gridmate®, amongst others

Furthermore, GAMESA speeds up its entry to the offshore market with the signing of the Memorandum of Understanding with BARD, a German company specialized in offshore technologies, which includes the following objectives:

- Minority shareholding in BARD
- Establishment of a joint venture for the commercialization of BARD offshore products
- Possible manufacture of BARD products at GAMESA plants

Adjustment of production capacity to market demand

During the 2006-2008 cycle, GAMESA started to diversify its manufacturing plants in Europe toward new, growing geographical areas, America and Asia, inaugurating new manufacturing plants in the US and China. This strategy for the diversification of productive capacity was completed in 2009 with the opening of a plant in India, the increase in capacity along with the manufacturing of new products in the US (G90-2MW) and China (G8X-2MW) as well as adjustment of its capacity in Europe, with a 16% reduction of FTEs.

The greater maturity level of the European market with lower growth rates in the short term, and the effects of RDL 6/2009 in the Spanish market, require that this resource mobilization process continues toward areas where growth acceleration in the short term (Asian markets) as well as sustainable growth in the medium and long term (America and Asia) are foreseeable. GAMESA will continue with this adjustment in 2010 with speed while minimizing the effects on human capital through the opening of new markets for which the demand may be satisfied from Europe (North Africa), and adapting its productive capacity to the launch of new products such as the G10X-4.5MW as well as new services.

2. GUIDANCE 2010

Within an economic downturn, Gamesa's strategy for aligning production and deliveries and the successful implementation of the cost optimization programme (PMC 500) allowed Gamesa to maintain both its working capital as well as EBIT margins within the 2009 guidance. Activity level, however, was impacted by the freeze of the Spanish market after the introduction of the Pre-Assignment Register in May 2009, the delay of projects related with RD661 and the ralentisation of the US market.

The level of the installations approved in Spain for 2010, along with the related projects, will continue to limit domestic demand during 2010. This situation, together with the impact that difficult access to financing in 2009 had on global demand during the first half of 2010, results in low activity levels during the first semester of the year. Activity levels, nevertheless, will recover until reaching the levels of the first half of 2009 during the second semester of the year, to continue growing over 2011, a trend which is already confirmed by plans for deliveries to our large strategic accounts.

The recovery of increasing volumes as of the second half of 2010, and the PMC 500 cost improvement plan, guarantees a recovery of a growing trend in the manufacturing margins, with an EBIT margin in 2011 greater than that of 2009.

		2009	2009 Guidance	2010	2010 Guidance
	WTG & HOLDING				
WTG manufacturing	MWe	3,145	3,300-3,600	95%	2,700-3,000
	EBIT	7.2%	6%-7%	✓	6%-7%
	WC/Sales	12%	c.20%	✓	c.20%
	GROUP				
Gamesa	WC/Sales	29%	35%-45%	✓	c.35%-45%
	NFD/EBITDA	0,7x	<2,5x	✓	<2,5x
	WINDFARMS				
Windfarm development & sales	MW commissioned	182+244			c.300
	EBITDA (MM)	-27			c.0

New global commitments to renewable energy sources

Macroeconomic weakness has not been a barrier for the continued institutional support to renewable energy sources development. The United Nations Climate Change Conference held in Copenhagen in December 2009 culminated in the signing of an agreement in which the fight against climate change is acknowledged as one of the greatest present-day challenges and where developed countries undertook the commitment to establish a fund (USD30.000MM between 2010-2012) for financing actions for the adaptation and mitigation of climate change in developing countries. Likewise, they also committed to increasing this fund up to USD100.000 MM in annual allocation by 2020.

In the US, the Senate is in the process of approving the new law on climate change, which will include a long term commitment to renewable energy sources. This will imply an important change in the way in which the American government supports renewable energy sources, moving from its short and medium term spport (ITC, PTC and Treasury Grants) to a long term support (commitment to installed power capacity and production of renewable energy sources by 2020) which will give greater visibility to wind power business plans, and will facilitate access to financing as well as to investment.

Likewise, in China the government is drafting a new five-year plan (12th) for the 2011-2015 period, which is expected to consolidate the support actually given to renewable energy sources and confirm the objective set for 2020 (15% of total installed power capacity in renewable energy sources), or perhaps, even to increase it.

In Spain, we expect improvements to the regulatory framework in the first half of 2010 with the approval of the new plan on renewable energy sources, which replaces the PER 2005-2010, which should indicate how the objectives related with renewable energy power sources are to be fulfilled by 2020 (40.000 MW of installed wind power capacity in 2020 - Source: Spanish Wind Energy Association). In addition, we expect that a new tariff scheme applicable to this second objective will be approved, which would help to eliminate the actual uncertainty existing in the sector.

Finally, the European Union is also working toward the approval of a strategic plan for the development of energy-related technologies, which could represent 6.000MM EUR in additional funding over the next ten years for the wind energy industry in Europe

Future leadership pillars

GAMESA

The new wind energy industry which emerged after the economic-financial crisis of 2008 requires a business model focused on client needs, a business model perfectly defined by Gamesa 360º and which guarantees the company's leadership in the new market setting.

Through a solid product and service platform, continuous R+D programs, and Gamesa Energía, the company becomes the only manufacturer of wind turbines experienced along the entire value chain in the business of promotion, development, construction, operations and maintenance of wind farms. GAMESA has 3 wind turbine models of the 10 most frequently installed models worldwide (source: Sun&Wind Energy 5/2009), 3,600 MW in farms developed, constructed and started up by Gamesa Energía, over 18,000 MW installed and 12,000 MW maintained, which provide the company with superior know-how as to client needs. This accumulated know-how allows the company to directly activate the levers of profitability in the wind power generation business, increasing profitability through the reduction of risks - external validation, own and external testing centers, local suppliers - and of costs - PMC 500, preventive maintenance, optimization in the farm assembly sequence, total quality control, amongst others - and increasing sales - greater wind turbine availability, reliability and efficiency.

Optimization of investments

Recent overcapacity of the industry gives even greater relevance to another of the achievements of the 2006-2008 business plan, the optimization of investments, which continues to be one of GAMESA's essential characteristics. GAMESA investment processes are subject to two parameters: the localization of investment in places of long term sustainable growth, and a diversification between internal production and strategic agreements with suppliers. These parameters have allowed the company's capacity to be more adjusted to demand at any given time as well as geographically, and to have one of the best industry-wide investment ratios - 10EUR MM of investment for every 100 MW of additional capacity.

A new organization

Upon the successful completion of the 2006-2008 Business Plan, GAMESA began to define, during 2009, a new organizational structure that would allow for greater speed and accuracy when responding to the market needs. During the third quarter of 2009, the organization was reinforced in the US in order to face the new commercial challenges related with the launch of the G90 and the global launch of the G10X. During the fourth quarter, a new, independent structure was defined for the four geographical centers in Europe, the US, China and India, which would allow a greater closeness between operating and commercial decision-making and their respective markets needs. Finally, during the first quarter of 2010, the product manufacture and development operating units were consolidated under a single leadership in order to adequately give priority to objectives set by the organization, determined, in turn, by the needs of the clients as detected through the commercial and construction division.

Conclusions

Within a difficult market setting, impacted by both macroeconomic weakness as well as changes in the regulation of key markets like Spain and the US, GAMESA delivered solid results, fulfilling its commitments to operating profitability as well as its control over working capital and financial debt.

The company closes the year with an EBIT margin of 7.2% in the Wind Turbine division, in line with the 6% to 7% margin committed to with the market for 2009 and 1.4 percentage points above 2008, thanks to the ambitious cost improvement plan launched by the company in the beginning of 2009, which led to stable production and efficiency ratios.

The strategy for aligning production with deliveries has allowed Gamesa to achieve the control of its working capital, which remains far below the 2009 guidance, with a ratio of 12% of working capital to sales for the Wind Turbine division and of 29% for the group. Likewise, GAMESA closes the year with a net consolidated debt of 259 EUR MM or 0.7 times the EBITDA compared with the guidance of 2.5 times set by the company.

In the business of Wind Farms, Gamesa fulfils its commitment to implement the strategic agreement with Iberdrola Renovable, which allows for the reactivation windfarm sales in Europe beyond already existing commitments, while maintaining the possibility for value realization of the European pipeline after June 2011. In China, Gamesa continues to develop its strategy for value realization through joint promotional agreements with local electric companies, while in the US it continues to analyze different strategic options for value realization within the context of a market characterized by economic downturn.

Furthermore, Gamesa continues to progress along its commitment to technological leadership and lowering the cost of energy with the G10X-4.5MW, working on the assembly of the second prototype after the commercial launch of the first. The first pre-series units will be available in the market at the end of 2010 and serial production will begin in 2011, while continuing to work on the plan for the launch of the wind turbine on a global scale.

The company has also continued to strengthen its presence in growing markets, adding a plant in India to its production centers in the US and China, and launching new products more adequate to the local demand of these markets, such as the G90 in the US and the G8X in China. In this way, GAMESA finishes the year with about 500MW of additional capacity outside Europe and 400MW additional to be completed in China during the first half of 2010.

GAMESA faces 2010 with a new commercial strategy aimed at maximizing market opportunities within a setting of restricted financing which limits short term demand, with a new organization which allows for responding to our clients' demands with greater speed and accuracy, with a flexible production capacity adjusted to demand, and progressing along the cost improvement plan, all of these measures which allow for a solid performance during the first half of a difficult 2010, and a maximization of growth beyond the second half of 2010.

A solid product and service platform, technological leadership and the division for the promotion, construction, and sale of wind farms, brought together in GAMESA 360o, make Gamesa the only manufacturer of wind turbines experienced along the entire value chain of the wind power business, an experience which is a key pillar of the organization's future leadership.

3. MAIN BUSINESS RISKS

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

The risk associated with fluctuations in exchanges rates inherent in Gamesa's transactions corresponds to purchases and sales of products and services in the various business lines in different currencies.

In order to counter this risk, Gamesa arranges hedging instruments with financial institutions.

4. USE OF FINANCIAL INSTRUMENTS

The Gamesa Group uses hedging instruments to mitigate foreign currency and interest rate risks, volatility in raw materials prices, and risks associated with share price volatilities that could affect the estimated results of the Company based on estimates of expected transactions in the various lines of business.

5. EVENTS AFTER THE BALANCE SHEET DATE

See Note 33-b to the consolidated financial statements and Note 18 to the individual financial statements.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

Technological development is set within a multi-year framework deployed through an annual Technological Development Plan, in which the activities and deliverables that it is intended to attain in each year in question are established and to which ultimately a budget is assigned.

In 2009 the main addition to "Intangible Assets - Research and Development Expenditure" related to the development at Gamesa Investigation and Technology, S.A. of new wind turbine generator models and to the optimisation of the performance of its various components amounting to approximately EUR 40,363 thousand (2008: approximately EUR 30,536 thousand).

7. TREASURY SHARE TRANSACTIONS

At 31 December 2009, Gamesa held a total of 2,978,736 treasury shares, representing 1.22% of share capital.

The total accost of the treasury shares amounted to EUR 32,310 thousand, at a unit cost of EUR 10.85 per share.

For a more detailed explanation see Note 18 to the consolidated financial statements (see Note 11 to the individual financial statements).

8. CAPITAL STRUCTURE

CAPITAL STRUCTURE, INCLUDING SECURITIES NOT TRADED ON A REGULATED EU MARKET, INDICATING, WHERE APPROPRIATE, THE VARIOUS CLASSES OF SHARES AND, FOR EACH CLASS OF SHARES, THE RIGHTS AND OBLIGATIONS CONFERRED BY THE PERCENTAGE OF SHARE CAPITAL THAT THEY REPRESENT

In conformity with the revised wording of Article 4 of the bylaws of Gamesa Corporación Tecnológica, S.A. by agreement of the shareholders at the General Meeting held on 25 May 2007, "the share capital is FORTY-ONE MILLION, THREE HUNDRED AND SIXTY THOUSAND, NINE HUNDRED AND EIGHTY THREE EUROS AND SIXTY-EIGHT EURO CENTS (41,360,983.68 euros), divided into TWO HUNDRED AND FORTY-THREE MILLION, TWO HUNDRED AND NINETY- NINE THOUSAND, NINE HUNDRED AND FOUR (243,299,904) shares traded by the book entry system of SEVENTEEN EURO CENTS (0.17 euros) par value each, of the same series and class.

Per public information held by GAMESA CORPORACIÓN TECNOLÓGICA, S.A., the shareholder structure of GAMESA at 31 December 2009 was as follows:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
IBERDROLA, S.A.[3]	34,316.359	0.000	14.105
LOLLAND, S.A. (1)	0.000	12,164.995	5.000
BLACKROCK, INC(2)	0.000	21,920.306	9.010

3. On 12 February Iberdrola, S.A. notified the CNMV of the acquisition of 970,021 shares representing 0.398 per cent of the share capital of Gamesa Corporación Tecnológica, S.A., to ultimately hold at the year-end of this report 35,286,380 shares, representing 14.503 per cent of the share capital of Gamesa Corporación Tecnológica, S.A.

(*) Through:

Name of the holder of the direct ownership interest	Number of direct voting rights	% of total voting rights
(1) CASA GRANDE DE CARTAGENA, S.L.	12,164,995	5.000
(2) BLACKROCK INVESTMENT MANAGEMENT (UK)	21,920,306	9.010

To supplement the information furnished, it should be noted that on 4 February 2010, BLACKROCK, INC notified the Spanish National Securities Market Commission (CNMV) that it had exceeded the five per cent threshold (5%) in the share capital of GAMESA CORPORACIÓN TECNOLÓGICA, S.A., to achieve nine point zero one zero per cent (9.010%). In accordance with the notification presented to the CNMV, on 1 December 2009, BLACKROCK, INC acquired the business of BARCLAYS GLOBAL INVESTORS (BGI).

9. RESTRICTIONS ON THE TRANSFERABILITY OF THE SHARES

There are no restrictions on the transferability of shares.

10. SIGNIFICANT DIRECT AND INDIRECT OWNERSHIP INTERESTS

See Point 8.

11. RESTRICTIONS ON VOTING RIGHTS

There are no restrictions on the exercise of voting rights.

12. SIDE AGREEMENTS

Gamesa Corporación Tecnológica, S.A. has no knowledge of the existence of side agreements.

13. RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND TO THE AMENDMENT OF THE BYLAWS

Per Article 17 of the bylaws of Gamesa Corporación Tecnológica, S.A. and Article 18 of the regulations of the Board of Directors, the members of the latter are designated by the shareholders at the Annual General Meeting with the proviso that "*if any vacancies arise during the term for which the Directors were appointed, the Board may designate the persons to occupy such vacancies from among the shareholders until such time as the next General Meeting may be convened*" in conformity with the provisions laid down in the Spanish Companies Law and the Company bylaws.

In accordance with Articles 15.4-a and 18.2 of the regulations of the Board of Directors "*Proposals for the appointment of directors submitted by the Board of Directors for consideration by the shareholders at the Annual General Meeting and the appointment decisions adopted by this body by virtue of its powers of co-optation attributed to it by law must be preceded by the related proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of this Committee, in the case of the other directors*". The Board of Directors, according to Article 18.2 of its regulations, may fail to heed the proposal or report of the Appointments and Remuneration Committee and in such event it must give the reasons for which it has taken that course of action and record such reasons in the minutes.

Article 19 of the regulations adds "*The Board of Directors and the Appointments and Remuneration Committee, shall endeavour to ensure that the elected candidates are persons of renowned integrity, solvency, competence and experience and it must be especially thorough in relation to persons proposed as independent Board members, showed in the Article 7 in this regulation.*

In the case of a director (legal entity), the conditions of integrity, solvency, competence and experience indicated in the preceding paragraph will also be claimable for the natural person representing the director. The duties of the director as established in the Board of Directors' Regulations will also be claimable for the representative on a personal basis".

Lastly, Article 15.4-m) of the Board Regulations charges the Nomination and Remuneration Committee with the duty of ensuring that in the event that any vacancies arise on the Board for female members, the selection process does not entail an implicit bias.

<u>Re-election</u>

As regards the re-election of directors, Article 20 of the regulations of the Board of Directors establishes that "The proposals for the re-election of directors which the Board of Directors decides to submit to the shareholders at the Annual General Meeting shall be subject to a formal assessment process, which will necessarily include a proposal or report issued by the Appointments and Remuneration Committee".

<u>Removal</u>

The removal of directors is regulated by Article 22 of the regulations of the Board of Directors which states "*Board members shall be removed from their positions when the period for which they were appointed has expired, without prejudice to the possibility of re-election, and when so decided by the share holder at the Annual General Meeting. Also, the Board of Directors may propose the removal of a director to the shareholders at the Annual General Meeting*".

The procedures and criteria to be followed in the case of removal shall be as established in the Spanish Companies Law and the regulations of the Mercantile Registry.

As established in Article 22.2 of the regulations of the Board of Directors "*the directors must tender their resignation to the Board of Directors and resign if the latter, based on a report by the Appointments and Remuneration Committee, deems it appropriate, in the following cases*:

a) In the case of nominee directors, where these or the shareholder they represent may cease to hold a significant, stable interest in the Company, or where the shareholder may revoke the representation.

b) In the case of executive directors, provided that the Board sees fit.

c) In the case of non-executive directors, where these may be appointed to executive office in the Company or in any of the Group companies.

d) In the case of independent directors, where, for any reason, they meet any of the conditions enumerated in Article 7.1 of these regulations, which are incompatibility with the office of independent director.

e) When they become subject to any incompatibility or prohibition provided for by law, the bylaws or this regulation.

f) When they are prosecuted for a purportedly criminal action or have a court order issued against them initiating trial proceedings for any of the crimes set out in Article 124 of the Spanish Companies Law or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct.

g) When they reach the age of 70. The Chairman, the Deputy Chairmen, the CEOs, the Secretary and Deputy Secretary of the Board shall cease to hold office at 65 years of age, although they may continue to be directors. Directors shall leave office at the first meeting of the Board of Directors to take place after the Annual General Meeting at which the shareholders approve the financial statements for the year in which the Director in question reaches the aforementioned age.

h) When they cease to occupy the executive positions associated with their appointment as directors.

i) When they have been seriously reprimanded by the Audit and Compliance Committee or have been seriously penalised by any public authority for having infringed their duties as directors.

j) When their remaining on the Board of Directors could put the Company's interests at risk or when the reasons for which they were appointed no longer exist.

Rules applicable to the amendment of the Company's bylaws

The amendment of the bylaws of Gamesa Corporación Tecnológica, S.A. is governed by the provisions of Article 144 of the Spanish Companies Law and shall not require any qualified majority other than that established in Article 103 of the aforementioned law.

Article 6 of the regulations of the Annual General Meeting expressly includes the amendment of the bylaws to be a competence of this body.

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

Powers of the members of the Board of Directors

In its meeting of 8 October 2009, the Board of Directors of Gamesa Corporación Tecnológica, S.A. unanimously resolved, following a favourable report by the Appointments and Remuneration Committee, to appoint Jorge Calvet Spinatsch as Chairman of the Board of Directors and as Chief Executive Officer of the Company, and to delegate to him all of the powers corresponding to the Board of Directors in accordance with the Law and the bylaws, except those that may not be delegated. This appointment was accepted by Mr. Calvet Spinatsch at the same meeting.

Powers relating to the possibility of issuing or repurchasing new sharess

At the date of approval of this report, the authorisation given by the shareholders at the Annual General Meeting of the Company held on 29 May 2009 by virtue of which the Board of Directors is empowered to acquire treasury shares remains in effect. The literal wording of the resolution adopted by shareholders at the aforementioned General Meeting on point eight of the Agenda is transcribed below:

“To expressly authorise the Board of Directors, in accordance with Article 75 of the Spanish Companies Law, to derivatively acquire shares of Gamesa Corporación Tecnológica, S.A. under the following conditions:

a) The acquisitions may be made either directly by Gamesa Corporación Tecnológica, S.A. or indirectly through its subsidiaries.

b) The acquisitions of shares, which must be fully paid and clear of encumbrances and/or liens shall be made through purchase and sale transactions, swaps or in any other method as permitted by Law.

c) The acquisitions may be made at any time up to the maximum amount permitted by Law, such that treasury shares, including those already held by the Company, do not exceed 5% of share capital.

d) The minimum price for the shares shall be their par value and the maximum price may not exceed the quoted price at the date of acquisition by more than 5%.

e) A restricted reserve may be recorded on the liability side of the Company’s balance sheet equal to the amount of the treasury shares included as assets. This reserve shall be maintained until such time as the shares may be disposed of or redeemed.

f) The shares acquired may subsequently be disposed of under the terms and conditions freely established.

g) This authorisation is granted for a maximum period of 18 months, and it expressly renders null and void the authorisation granted by the shareholders at Annual General Meeting of the Company held on 25 May 2007 with regard to the unused portion of the same.

For the purposes of paragraph 2, section 1 of Article 75 of the Spanish Companies Law, the shareholders at the General Meeting hereby expressly authorise the acquisition of shares of the Company by any of the subsidiaries under the terms and conditions established herein.

Lastly, pursuant to the last paragraph, section 1 of Article 75 of the Spanish Companies Law (as worded in Law 55/1999, of 29 December), it is hereby established that the shares acquired by virtue of this authorisation may be used by the Company, inter alia, for the delivery thereof to the employees or directors of the Company either directly or as a consequence of the exercise of the rights, whether options or any others included in Incentive Plans, of which the former may be the holders and/or beneficiaries, pursuant to the Law, Company bylaws or regulations."

15. SIGNIFICANT CHANGE IN CONTROL OF THE COMPANY AS A RESULT OF A TAKEOVER BID, AND THE EFFECTS THEREOF, EXCEPT WHEN THE DISCLOSURE THEREOF IS SERIOUSLY DETRIMENTAL TO THE COMPANY. THE AFOREMENTIONED EXCEPTION WILL NOT APPLY WHEN THE COMPANY IS LEGALLY OBLIGED TO DISCLOSE THIS INFORMATION

In conformity with the framework agreement entered into by Iberdrola Renovables, S.A. and Gamesa Eólica, S.L. (Sole-Shareholder Company) in 2008 and amended through novation on different dates, in the event that any company (other than Iberdrola, S.A. or another Iberdrola Group company) acquires an ownership interest of 30% or more in Gamesa Corporación Tecnológica, S.A. ("GCT") or appoints directors which, together with those it may have already appointed, if any, represent more than half of the directors of GCT, or any case which might imply the control or management of GCT, shall entitle Iberdrola Renovables to terminate the framework agreement, and the parties shall not be able to make any claim as a result of the aforementioned termination.

16. AGREEMENTS BETWEEN THE COMPANY, MANAGEMENT, DIRECTORS OR EMPLOYEES WHO FORESEE INDEMNITY PAYMENTS ON TERMINATION OF THEIR RELATIONSHIP WITH THE COMPANY AS A RESULT OF A TAKEOVER BID.

The Chief Executive Officer and certain members of the Company's management team are contractually entitled to receive financial compensation in the event of the termination of their contract on grounds attributable to the Company, and in certain cases due to the occurrence of objective circumstances, such as a change of control. The financial compensation agreed in relation to such termination consists, in general terms, of the payment of fixed and variable remuneration corresponding to different periods depending on personal and professional circumstances , and the time at which the contract was signed.

In general, the employment contracts of non-executive employees do not contemplate financial compensation in the event of termination other than as established in current legislation.

CARLOS RODRÍGUEZ-QUIROGA MENÉNDEZ, HOLDER OF SPANISH NATIONAL IDENTITY CARD NUMBER 276302A, SECRETARY OF THE BOARD OF DIRECTORS OF THE CORPORATION "GAMESA CORPORACIÓN TECNOLÓGICA, S.A." WITH REGISTERED OFFICE AT RAMÓN Y CAJAL 7 Y 9 – VITORIA - GASTEIZ AND EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFIES:

That the text of the 2009 consolidated directors' report of GAMESA CORPORACIÓN TECNOLÓGICA, S.A. authorised for issue by the Board of Directors at its meeting on 24 February 2010 that contained on the preceding 139 sheets of unstamped paper, written on the obverse only, and for authentication purposes has been attested to with his signature and that of the Chairman of the Board of Directors.

In compliance with the provisions of Article 171 of the Spanish Companies Law, the directors listed below sign the document in proof of conformity.

Jorge Calvet Spinatsch
Chairman and Managing Director

Juan Luis Arregui Ciarsolo
Director

Pascual Fernández Martínez
Director

Luis Lada Díaz
Director

Santiago Bergareche Busquet
Director

Carlos Fernández-Lerga Garralda
Director

Iberdrola S.A.
(D. José Miguel Alcolea Cantos)
Director

Carlos Rodríguez-Quiroga Menéndez
Director

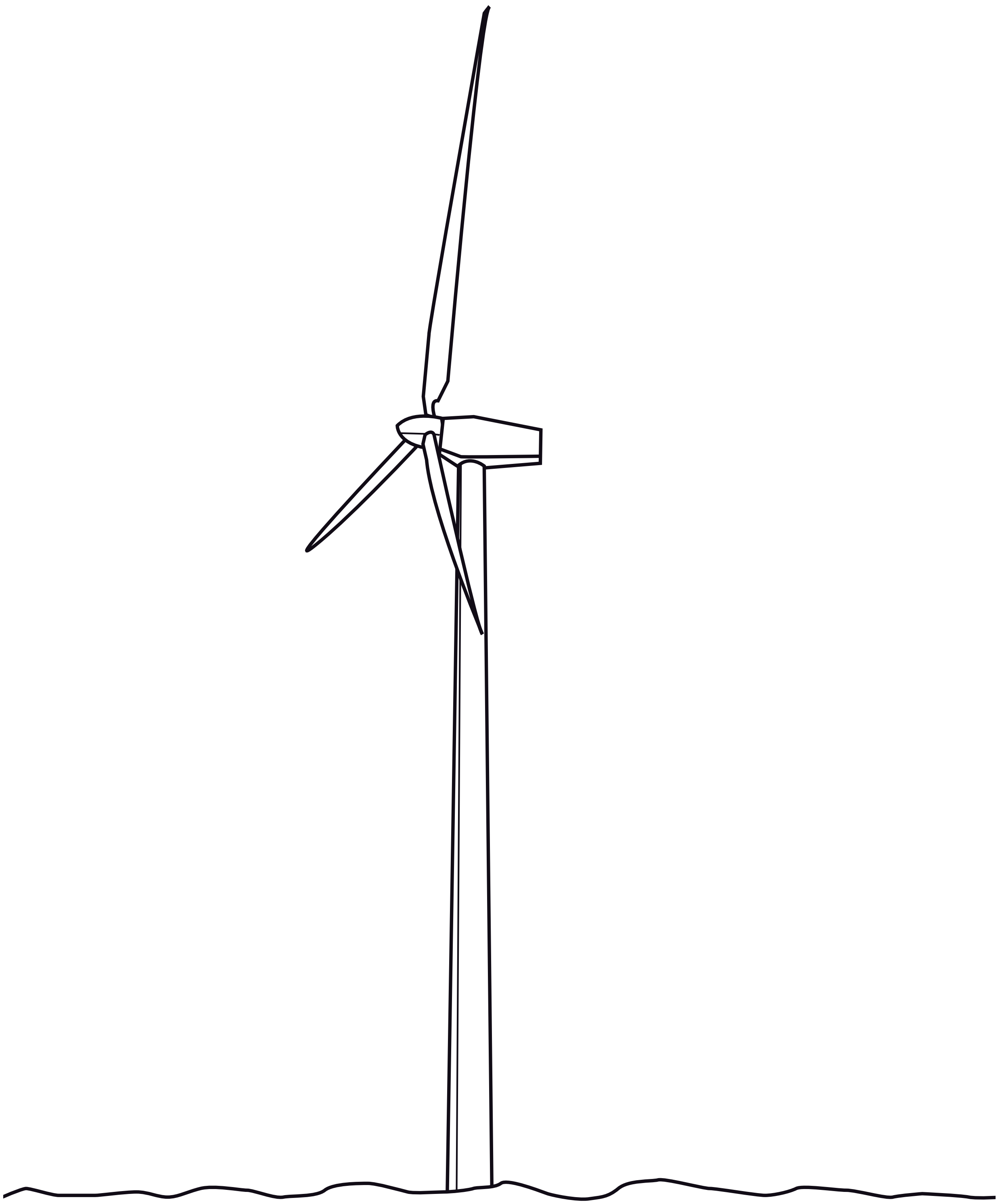
José Maria Vázquez Eguskiza
Director

Pedro Velasco Gómez
Director

Madrid, 24 February 2010. In witness whereof.
Authorised by the Chairman

Jorge Calvet Spinatsch
Chairman and Managing Director

Carlos Rodríguez-Quiroga Menéndez
Secretary of the Board of Directors



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Corporate Responsibility

Gamesa has a unique business model that generates value for shareholders, employees, suppliers, customers and the communities in which it operates, while it seeks to respect, enhance and preserve the environment. Gamesa's mission consists of generating welfare and continuing to the development of all groups with which it relates in the social, environmental and economic spheres by providing technological solutions for efficient, sustainable energy management.

Summary of Gamesa's Corporate Responsibility actions in 2009.
Complete information is available in the 2009 Sustainability Report

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Gamesa's values and principles of Corporate Responsibility are set out in its Code of Conduct and define the actions of the company and its employees in their employment, commercial and professional relationships.

Gamesa's values are as follows:

- Sustainability: meeting today's needs without compromising tomorrow's development, constantly adapting the company's mission to create and distribute prosperity while fully respecting people and the planet and working closely with the community;
- Quality: providing optimal solutions for customers based on the quality of Gamesa's equipment and the application of proprietary processes and operating systems;
- Technology: defining technology as the driver of progress and the tool for providing cutting-edge products based on the efforts of the company's professionals to develop, deliver and enhance energy solutions for the future;
- Leadership: accepting new challenges, developing new solutions and creating new opportunities.

These Corporate Responsibility Values and Principles are set out in Gamesa's Code of Conduct and govern the conduct of the companies in the group and their professionals, who are subject to the Code in their work and labour, commercial and professional relations, the ultimate goal being to establish a universally accepted business ethic.

The principles of Corporate Responsibility are as follows:

- Fundamental rights and freedoms. Gamesa is committed to respecting the law as well as human rights and public liberties, avoiding complicity in any violations of those rights and adopting complementary international standards and guidelines where no appropriate legislation is available;
- Labour rights. Gamesa will promote and fulfil workers' rights to freedom of association and affiliation and the effective right to collective bargaining, and it will also work to eliminate forced and compulsory labour, child labour and any other form of labour under coercion;
- Human capital. Gamesa will foster the creation of human capital by providing opportunities for employment while avoiding any type of discrimination and respecting diversity, promoting a safe and healthy workplace and facilitating communication with the work force;
- Community. Gamesa will work with the communities in which it operates, promoting communication and dialogue with the various stakeholders in order to attain harmony between business values and social pectations;
- Health, safety and the environment. Gamesa's ultimate commitment is to continuous improvement and to working to achieve sustainable development by designing and applying best practices aimed at environmental protection from a preventive standpoint, as well as promoting information and training in this culture;
- Research and innovation. Gamesa supports technological research that is respectful of the environment, and it requires that its suppliers, subcontractors and partners adopt environmental behaviour that is compatible with Gamesa's Corporate Responsibility principles;

- Corporate governance. Gamesa supports and defends solid principles of corporate governance based on business transparency and on mutual trust with shareholders and investors, while rejecting any form of corruption and respecting the rules of fair trade.

Code of Conduct Compliance Channel

In addition to the Code of Conduct, Gamesa has a Code of Conduct Compliance Channel through which employees can report breaches of ethics or integrity as well as breaches of the Code of Conduct. The channel can also be used to raise queries about the interpretation and/or application of a Code and to make suggestions or proposals in connection with it.

All indications received in this way are treated in confidence.

A total of 40 communications were received through the Code of Conduct Compliance Channel in 2009. Sixteen referred to alleged breaches of the Code of Conduct, and the other 24 were suggestions, proposals or queries about the Code's scope and content.

The 16 alleged breaches were analysed and investigated but none were found to constitute a violation of the Code; nevertheless, Gamesa will adopt the preventive or corrective measures that it considers appropriate to avoid breaches in the future.

The Regulatory Compliance Unit reports to the Audit and Compliance Committee twice per year regarding the application of both the Code of Conduct and the Code of Conduct Compliance Channel.

Preventing conflicts of interest

Gamesa's commitment to combat corruption is set out in the company's Corporate Responsibility Principles and in the Code of Conduct, which establishes that "Gamesa is opposed to any attempt to influence the will of people outside the company in order to attain any benefit through the use of unethical practices:

- nor will the company allow other people or entities to make use of such practices with the Persons Subject to the Code;
- no person subject to the Code may accept or offer, either directly or indirectly, any payments, gifts or other form of compensation that is not part of their normal business activity, meant to improperly influence business, professional or administrative relations;
- when in doubt, the persons subject to the Code must inform or consult with their immediate superior, or with the Regulatory Compliance Unit;
- Gamesa shall establish an adequate procedure for the prevention of, vigilance over, and, when necessary, punishment for conduct regarded as corruption or bribery."

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BUSINESS ETHICS

One of Gamesa's Corporate Responsibility Principles is to support and defend corporate governance based on business transparency and on mutual trust with shareholders and investors, while rejecting all forms of corruption and respecting the rules of fair trade.

This concern is set out in article 39.1 and 39.2 of the Board of Directors Regulations: "The Board of Directors, aware of the responsibilities corresponding to a Company with respect to society as a whole, is committed to assuring that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving sustained creation of value for their shareholders, employees, customers and for society at large".

Gamesa's governance structure rests primarily on two bodies: the Shareholders' Meeting and the Board of Directors.

General Meeting of Shareholders

The General Meeting of Shareholders, which makes decisions on the company's most relevant issues, is an important forum for dialogue between shareholders and the company.

Gamesa makes considerable efforts to facilitate informed participation by shareholders in the General Meeting by means of a number of measures, including:

- all shareholders registered in their name at the relevant record of account at least five (5) days prior to the date scheduled for the General Meeting shall be entitled to attend the Meeting;
- shareholders representing at least five percent of the share capital may request the a supplement to the notice of the General Meeting of Shareholders, including one or more points of the agenda;
- shareholders may exercise their right to vote and grant proxy on the items on the agenda of the General Meeting of Shareholders via means of distance of communication before the general meeting;
- once a General Meeting has been announced, shareholders may obtain, immediately and free of charge, the documents to be submitted to the General Meeting for approval; those documents will also be published on the company's website;
- Gamesa circulates to the Stock Exchange Management Companies and to the National Securities Market Commission all the necessary documentation for the General Meeting, including its separate and consolidated financial statements and directors' report, with the corresponding auditors' report.

In 2009, 71.9% of the capital participated actively in the General Meeting, compared to 68.8% previous year. Of the more than 44,000 shareholders of record, 1,480 attended the General Meeting of Shareholders on 29 May 2009. Forty-five attended in person and 1,435 did so by proxy.

Board of Directors

Except for the power reserved for the General Meeting of Shareholders, the Board of Directors is the company's highest decision-making and oversight body. Its mission is to promote the Company's interests, to manage the business and to direct the business' administration.The Board must take the necessary measures to ensure that no shareholder receives privileged treatment.

Gamesa's Board of Directors is empowered to be apprised of issues of relevance to the company and undertakes to directly discharge a number of responsibilities, which include approving general policies and strategies, particularly the corporate social responsibility policy and the risk identification, control and management policy.

The policies approved by the Board include most notably the following:

- Corporate Governance Policy, which focuses on compliance and continuous improvement and review of the governance rules for the company and its group;
- Corporate Social Responsibility Policy. The Company's contribution to sustainable development is set out in a number of social responsibility principles and practices that seek to respond to stakeholders' needs and expectations;
- Dividend Policy. The purpose of the dividend policy is to establish a principle of shareholder remuneration under which earnings growth and dividends are linked;
- Treasury Stock Policy. The purpose of this policy is to establish a framework for oversight and management of transactions with own shares and the related risks; this task is entrusted to te Risk Control Department, which operates within the general guidelines of risk control and management policy approved by the Board of Directors.
- Investment and Finance Policy. The purpose of this policy is to establish a common framework for analysing, tracking and controlling investment or divestment projects; controlling and managing financial risks; monitoring the associated risks within the current legislation and the general guidelines of the risk control and management policy approved by the Board of Directors;
- Risk and Opportunity Control and Management Policy. This policy's purpose is to establish the foundations and general context underpinning all components of risk control and management, and to provide discipline and structure in connection with those components: management philosophy; approach to the identification, assessment, measurement and control of risks and opportunities; acceptable risk levels; communication, reporting and oversight exercised by the Board of Directors; integrity; ethics; competencies; and assignment of responsibilities.

Board of Directors		
Jorge Calvet	Chairman and CEO	Executive
Juan Luis Arregui	Vice-chairman	Other external
Carlos Fernández-Lerga*	Member	Independent
José María Vázquez	Member	Independent
Benita Ferrero-Waldner	Member	Other external
Santiago Bergareche	Member	Independent
Pedro Velasco	Member	Proprietary
Luis Lada	Member	Independent
Iberdrola, represented by José Miguel Alcolea	Member	Proprietary
Carlos Rodríguez-Quiroga	Secretary and member	Executive

*Lead Independent Director

The principal internal regulation governing the Board of Directors is the Board of Directors Regulations, whose purpose is to set out the principles governing the Boards' actions, the basic rules for its organization and working, the rules of conduct for its members, and measures to ensure that the Company is managed optimally.

The Board of Directors has established two specific standing committees, one of which—the Audit and Compliance Committee—has its own internal regulations set out in the Audit and Compliance Committee Rules of Procedure.

Another set of internal rules that applies to the Board of Directors is the Rules of Procedure in Securities Markets, since the board members are designated as “Persons Subject to the Rules”.

Gamesa has a balanced Board of Directors, comprising prestigious, experienced professionals of acknowledged integrity and independence.

Based on a proposal or report by the Appointment and Remuneration Committee, the Board of Directors proposes the appointment, reappointment and removal of directors, and submits that proposal to the General Meeting of Shareholders.

The Board of Directors devotes at least one meeting per year to assessing the quality and efficiency of its own operation, the performance of the Chairman of the Board and the Managing Director, and the working of the Committees.

In April 2010, Gamesa proposed a change in the following directors' classification:

- Benita Ferrero-Waldner, from "Independent" to "Other External";
- Carlos Fernández-Lerga, from "Other External" to "Independent, specially empowered";
- Juan Luis Arregui, from "Proprietary" to "Other External" and Deputy Chairman of the Board of Directors.

As a result, the Board will comprise two executive directors, two proprietary directors, four independent directors and two "other external" directors.

Audit and Compliance Committee		
Chairman	José María Vázquez	Independent
Members	Pedro Velasco	Proprietary
	Luis Lada	Independent
Secretary (not a member)	Carlos Rodríguez-Quiroga	-

Appointment and Remuneration Committee		
Chairman	Carlos Fernández-Lerga	Independent
Members	Juan Luis Arregui	Other external
	Santiago Bergareche	Independent
Secretary (not a member)	Carlos Rodríguez-Quiroga	-

Committees of the Board of Directors

The Board of Directors has two standing committees: the Audit and Compliance Committee and the Appointment and Remuneration Committee, which are advisory and consultative bodies with powers to inform, advise and propose.

The Board of Directors Regulations establishes that both the Audit Committee and the Board of Directors Regulations must consist of three external directors.

Among other tasks, the Audit Committee is responsible for verifying the financial reporting process and the risk and opportunity control system, as well as for drawing up the Annual Corporate Governance Report, guaranteeing the external auditor's independence, advising on the sustainability report, and establishing an internal Code of Conduct Compliance Channel for employees.

The responsibilities of the Appointment and Remuneration Committee include advising and proposing to the Board of Directors regarding the appointment, reappointment, ratification or removal of directors, including executive directors. It also proposes directors' remuneration and oversees compliance with and transparency of same, and advises on the appointment, removal and remuneration of senior executives.

Gamesa's Board of Directors met 12 times in 2009. The Audit Committee met 10 times and the Appointment and Remuneration Committee met 8 times during the year. The external auditor attended three meetings of the Audit Committee. To ensure the external auditor's independence, he/she is asked to present a written statement of independence for the purpose of auditing the financial statements.

Because the Chairman is also the Managing Director, Gamesa limits the risk of concentrating power in a single person by appointing one of the independent or external directors as Lead Independent Director.

The position of Committee Chairman has been vacant since 8 October, when Jorge Calvet, who was then Deputy Chairman, was appointed Chairman and Managing Director of the company by the Board of Directors.

In April 2010, Gamesa appointed Juan Luis Arregui as Deputy Chairman.

Also, in line with best practices in corporate governance, Carlos Fernández-Lerga has been appointed independent director with special powers. Mr Fernández-Lerga may convene a meeting of the Board of Directors when he considers it advisable, and add items to the agenda.

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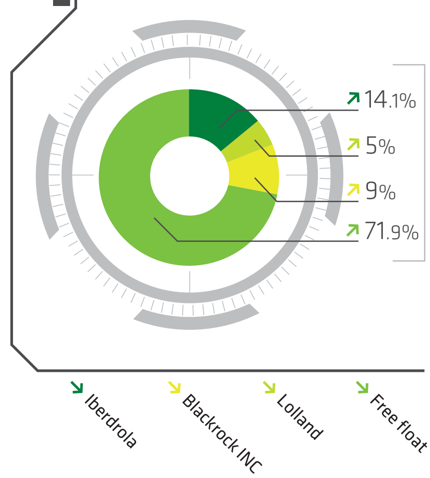
Main shareholders

% STAKE IN 2009



Gamesa proposed that the 2010 General Meeting reduce directors' terms from 6 to 4 years so as to strengthen directors' responsibility and dedication.

It is also proposed to increase the age limit for the Chairman, Managing Director, Vice-chairman and Secretary of the Board from 65 to 70, in line with the latest trends in legislation and in companies in the industry.

Gamesa proposed that the 2010 General Meeting reduce directors' terms from 6 to 4 years so as to strengthen directors' responsibility and dedication

Main shareholders

Gamesa has over 44,000 shareholders, according to data collected at the last General Meeting of Shareholders in 2009. The company is aware of only three shareholders with a significant stake (more than 3%):

- Iberdrola increased its holding to 14.5% in the first quarter of 2010;
- Blackrock INC: directly and indirectly through Blackrock Investment Management Limited;
- Lolland, indirectly, through Casa Grande de Cartagena.

Excluding Iberdrola, the members of the Board of Directors own 0.056% of the company.

Gamesa had 1.224% in treasury stock at the end of 2009.

Board of Directors remuneration

For their work as directors, the members of the Board of Directors receive a fixed annual remuneration for membership of the Board and of the Audit and Compliance Committee and the Appointment and Remuneration Committee (hereafter "the Committees") plus an attendance fee per meeting of the Board of Directors and all the committees. Therefore, directors' remuneration is not linked to the company's performance.

However, as provided in the Articles of Association and in the Board of Directors Regulations, directors' remuneration for their position as such is independent of any general or specific remuneration which they may receive for executive functions or professional commissions.

Therefore, the remuneration of the Chairman and Managing Director for those functions (since he is classified as an executive director) comprises the following items:

- fixed remuneration,
- variable remuneration: annual and/or long-term remuneration linked to the company's performance.

Senior management and executives collect fixed remuneration as well as variable remuneration based on the company's performance.

On 29 May 2009, the General Meeting approved a long-term incentive programme consisting of the assignment and eventual delivery of company shares to executive directors, senior executives, executives and employees of the company and its subsidiaries depending on attainment, at the end of the program, of certain objectives for the period 2009-2011, such as shareholder remuneration or return, return on capital employed, and technological innovation based on objective indicators to be assessed by the Appointment and Remuneration Committee and by the Board of Directors.

Conflicts of interest

Article 30 of the Board of Directors Regulations establishes that any director finding himself/herself in a situation of conflict of interest shall notify it to the Board of Directors and abstain from attending and intervening in the deliberations relating to that issue.

The company discloses transactions it makes with directors, significant shareholders and related parties in the interim financial statements and the Annual Corporate Governance Report.

In 2009, the Compliance Unit updated the Code of Conduct to include new regulations on preventing conflicts of interest in cases of corruption and bribery. The rule includes prevention mechanisms and measures to take when such situations arise.

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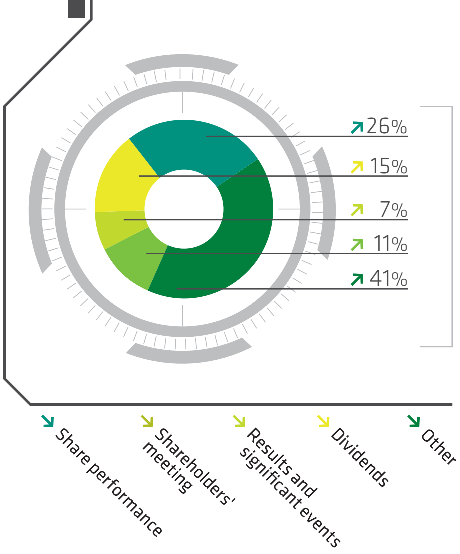
SHAREHOLDERS AND INVESTORS

Gamesa devotes particular attention to the shareholders who support its business project, and its priorities include maximizing shareholder value as well as attaining a high level of transparency and participation scores to enhance trust on the part of shareholders and investors. In 2009, the company strengthened shareholders' rights and encouraged their active participation in the General Meeting of Shareholders.

Shareholder Office

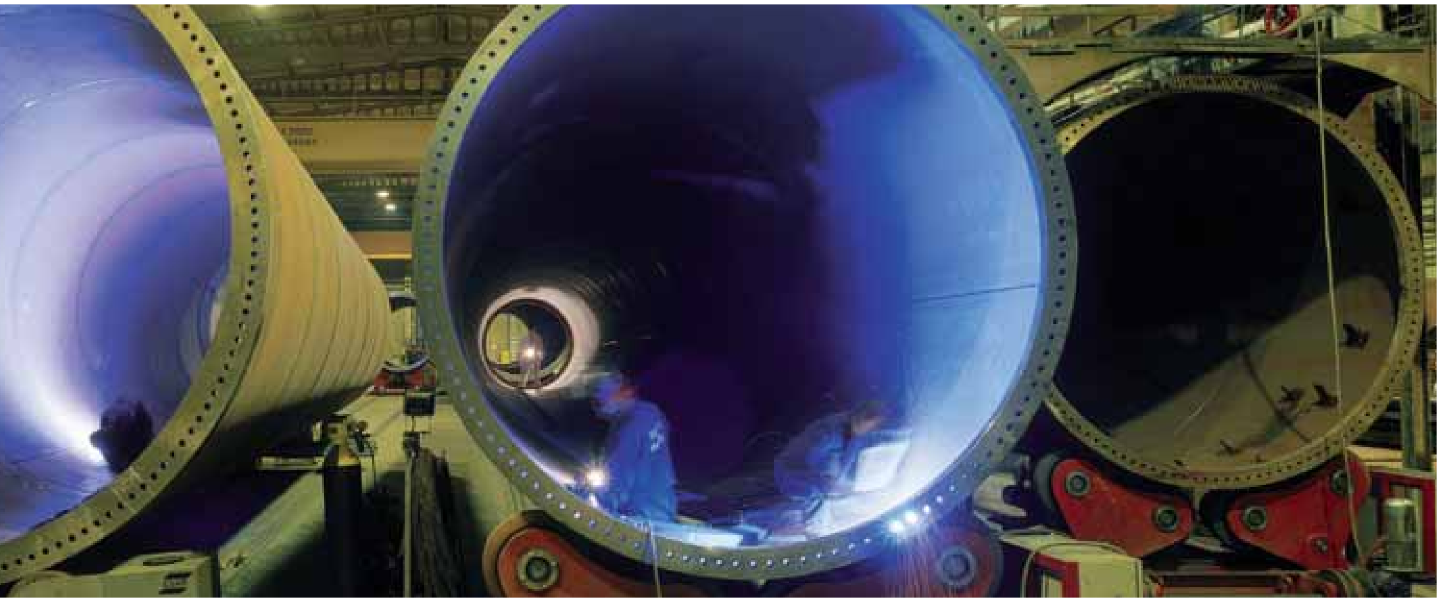
CALLS IN 2009 BY SUBJECT



Gamesa's commitment vis-à-vis its shareholders and the financial community is to provide transparent and timely indications at all times by providing clear, complete, truthful, uniform and simultaneous information that makes it possible to assess the company's performance and financial results. The company is regularly in contact with over 1,700 shareholders, investors and equities analysts registered in its database.

The main means of communication are the corporate website and direct relations with the Investor Office and Shareholder Office:

- the company's website (www.gamesacorp.com) has a specific section devoted to investors and shareholders. It received more than 350,000 visits in 2009, 16% more than 2008;
- the Investor Office responds individually to queries from shareholders, institutional investors, equities analysts and socially responsible investors. The Office also provides information via the quarterly and annual reports, earnings presentations and meetings (face-to-face and by videoconference);
- the Shareholder Office manages relations with retail and institutional investors. It can be contacted in two ways: by calling a toll-free telephone number (+34900504196) and by e-mail (infoaccionista@gamesacorp.com).



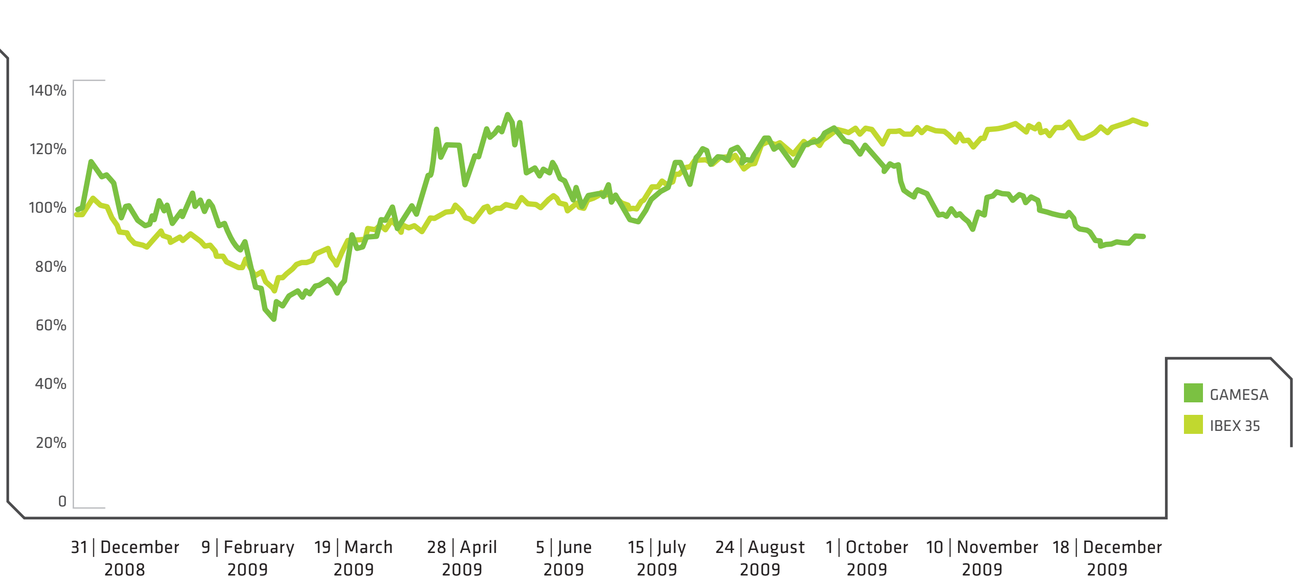
Shareholders and investors can subscribe to receive regular bulletins. The toll-free shareholder number received over 500 calls in 2009. And 900 queries were received by e-mail, 50% more than in 2008.

The Investor Office also organises roadshows in the leading financial cities of Europe and the United States after each earnings report.

It held over 100 such meetings in 2009, in Madrid, Barcelona, London, Paris, New York, Denver and Austin. Additionally, in order to make institutional investors more aware of the company's activities, visits are arranged to the company's production plants in Spain, China and the United States.

The company also participates actively in industry forums and conferences organised by research firms, and in wind industry fairs.

Share performance in 2009



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Tracking the financial market's perception

Gamesa understands the importance of the financial markets' perception of the share's value; for that reason, as well as keeping an up-to-date database of contacts, the company regularly tracks the recommendations and estimates issued by research houses that cover the stock. At the end of 2009, analyst recommendations were as follows: Buy 58%, Sell 19%, Hold 23%.

The outcome of monitoring the financial markets is set out in a monthly report which is presented to the Board of Directors when necessary; the report summarises the markets' perception of the company and assists in making decisions for continuous improvement.

The performance of Gamesa's share in 2009, which depreciated by 7.5% in contrast with the 30% gain by the Ibex 35 index, reflected concerns about the economy and industry.

The share price fluctuated considerably during the year; volatility was greatest in the first half, reaching a low of 8.04 euro on 9 March and a high of 16.96 on 27 May.

As regards shareholder remuneration, Gamesa has managed to maintain the dividend per share despite the difficult financial and economic situation.A total of 48.66 million euro gross were allocated to the dividend out of 2008 income that was paid in 2009. The net dividend per share was 0.21 euro, 8% less than 2008 and the same as in 2007.

Gamesa proposed to the 2010 Shareholders' Meeting the possibility of adopting a new shareholder remuneration system via newly issued bonus shares. However, this system would not limit shareholders' option to continue receiving the 2009 dividend in cash.

Sustainability indices

Gamesa's strategy and progress in the area of sustainability are assessed each year by the main internationally renowned sustainability indices:

- Dow Jones Sustainability Indexes;
- Dow Jones Sustainability World Index;
- The FTSE4Good Indexes;
- Ethibel Sustainability Index;
- Other rankings specialised in renewable energy, sustainability and combating climate change, such as Cleantech Index, Global Challengex Index, SB20, and S&P Global Clean Energy Index.

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CUSTOMERS

Gamesa applies a customer-oriented management model. The company offers its services in more than 33 new markets. By the end of 2009, Gamesa had installed more than 18,000 MW since inception and was providing operation and maintenance services to over 130 clients worldwide.

Gamesa's relationship with its customers is based on providing a full response to their requirements and meeting their needs.To that end, permanent communication is used to measure the quality of service provided (a distinguishing feature as well as a guarantee to the markets). Gamesa seeks to build long-lasting relationships with its partners that are based on excellence: quality at all stages of the value chain in order to assure customer satisfaction.

Knowing our customers' demands and expectations and giving priority to them are a basic component in the company's aim to become a benchmark supplier:

- the ability to understand each customer's needs and to anticipate them. This enables Gamesa to attain a competitive advantage since it achieves a single, rounded vision of each customer with which to improve quality of service and provide the channels and actions that are most effective in each case. This capacity is measured through regular surveys of customer satisfaction with the products and services provided (an essential component of continuous improvement);
- flexibility to provide clients with innovative technologies, products, services and solutions that enhance their competitiveness;
- the ability to respond to each customer's specific demands. The fact that they rely on Gamesa to meet their needs is a major responsibility which Gamesa accepts;
- adaptability to the needs of its customers' projects in the necessary technical conditions and specified deadlines;
- the search for excellence in each activity as a distinguishing feature and a source of added value for customers.

Gamesa has a Customer Satisfaction Project (PSC) which ascertains customer perceptions of the company, its products and services in order to reorient Gamesa's offering to their needs and develop new technologies that enhance the products' productivity, sustainability and quality.

Participants in the survey conducted in 2008 represented 91% of the MW contracted with Gamesa in 2006-2007. Overall satisfaction with Gamesa improved in all areas covered by the survey, to 85% overall (weighted by MW sold during the period covered by the survey). Corrective measures arising from that survey were implemented in 2009.

Customers stated they were satisfied with the actions and services provided in construction and operation, and satisfied or very satisfied with the support received during the development stage, as well as with Gamesa as a company. None of the areas referred to in the survey were rated as unsatisfactory.

Other mechanisms for direct relations with customers include seminars with them and attendance at industry fairs. In October 2009, Gamesa organised a seminar with 47 customers to present the design, validation, production and prototype of the Gamesa G10X-4.5 MW wind turbine; it was attended by outside experts who worked on the project and was followed by visits to installations, the production plant and the test lab.

Gamesa also attended the main trade fairs in the industry, in Bilbao, France, Turkey, Italy, the US and China.

Product

Gamesa focuses on developing technology for energy sustainability. The company has an extensive range of products and services developed to offer optimal performance adapted to each site's characteristics and to the features of different regions and customers. The company's activities contribute to avoiding CO_2 emissions into the atmosphere.

The environmental management system in Gamesa's wind turbine division is certified to the ISO 14001:2004 standard and is applicable to the design, manufacture, assembly, erection on site, commissioning and after-sales service.

The Ecowind project arises out of Gamesa's aim to produce products that are respectful of the environment: It consists of a lifecycle analysis (LCA) and the application of the eco-design concept to a 2.0 MW onshore wind turbine; Gamesa is the first company to perform a lifecycle analysis of a wind turbine.

The primary goal of the project, which advanced during 2009, is to calculate the environmental impact associated with a wind generator, specifically the G90-78m-IIIA model. LCA helps to minimize or eliminate environmental impacts of both the production process and the product itself. It also helps to optimize raw material and energy consumption and minimize production of waste, emissions and discharges, and to advance towards eco-design.

Another initiative implemented by Gamesa during 2009 involved replacing the wooden crates used to ship gearbox components from production to assembly plants with metal crates, which are of better quality, safer and reusable. The use of the metal ones is expected to eliminate the production of timber waste at these plants in 2010.

With a view to continue advancing towards eco-design, Gamesa has become the first company to perform a lifecycle analysis of a wind turbine.

More information about products and innovation can be found in the section describing the wind turbine design, manufacture and installation area.

Quality

All areas of the company apply continuous improvement and the search for excellence is an integral part of the Quality System, whose five components cover all processes related to the design, manufacture and installation of wind turbines, as well as improving service and our machines' reliability.

Gamesa's quality management system covers the design, manufacture, assembly, erection on-site, commissioning and after-sales service of Gamesa wind turbines and their components and is certified to the ISO 9001 standard by Lloyd's Register Quality Assurance (LRQA). The quality management system is integrated with the environmental and workplace health and safety management systems at policy level and manuals and procedures.

Gamesa has also implemented two strategic horizontal projects: improving RFT (Right First Time) in all activities, and enhancing machine availability. Both objectives, whose attainment is measured in terms of the reduction in deviations and incidents in the processes, attained a 35.87% reduction in deviations with respect to the previous year.

Customer-orientation is the first and most important step in the entire improvement process. A number of awareness-raising campaigns were held at a local level in order to raise customers' perception of our quality, search for excellence and sharing of best practices.

A total of 154 courses on quality were given in 2009, attended by a total of 491 people. Training courses totalled 2,618 hours (8,513 person-hours). A total of 72,051 euro were spent on training in quality (50.37 hours per target employee).

Gamesa continues to pursue the following objectives in this area:

- strengthening orientation towards external customer satisfaction (focused on eradicating incidents, and agility in solving those that arise which affect operational availability and delivery times): reducing non-conformities in the construction and commissioning areas by 35%;
- continuous improvement in the operation and maintenance area, reducing non-conformities by 20%;
- consolidating quality assurance in product changes;
- ensuring that 100% of products received from suppliers are in conformity, through joint action plans;
- contributing to the development of the supply chain in India by fully certifying local suppliers and products;
- certifying all new Gamesa work locations to ISO 9001.

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HUMAN CAPITAL

Gamesa offers the opportunity to work in a competitive, sustainable company whose activity contributes to industrial regeneration through the production of energy by means that protect the environment. Gamesa's human capital management policies are based on a commitment to personal development and alignment with the company's objectives.

A company where labour relations are based on dialogue and collective agreements, where the company's management programmes promote professional development and talent management, while ensuring health and safety and equal opportunities.

The company's management framework 2009-2011 implements this sustainable approach via programmes focused on creating quality jobs, where workplace health and safety come first, and stable employment is a priority.

In 2009, Gamesa had 6,360 employees, 86% of whom were on permanent contracts. The percentage of female employees (currently 26%) is rising steadily. Gamesa has a young workforce: the average age is 35.2 and the average seniority is 4.9 years.

The workforce is also increasingly international: 31% of all employees are currently located outside Spain.

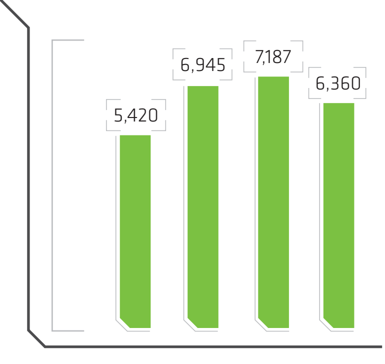
Quality in employment is also reflected in the approach to work/life balance, which was designed and implemented by the company on the basis of diversity in its workforce and activity. Measures in this area include flexible time, concentrating work hours in a single block, holidays, flexible compensation, and comprehensive support for employees who work abroad.

Gamesa's human capital management approach integrates equality, cultural diversity, non-discrimination, and equal opportunities.

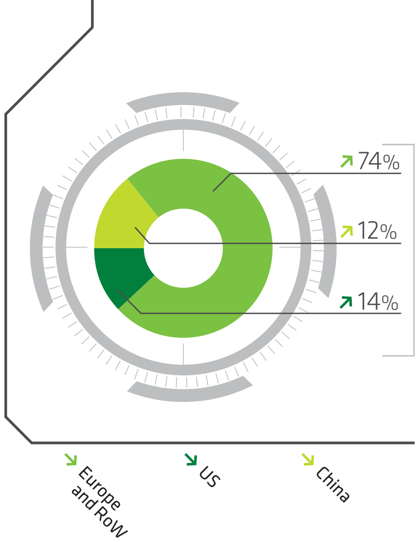
In connection with the Equality Plan, a protocol on preventing harassment was approved and applied in Spain, and a meeting was held with the labour representatives to present the equality diagnosis for 2008 and the Equality Plan 2009-2011, which is to be launched in 2010.

Under this commitment, men and women earn the same wages (referring to base salary, not counting seniority bonuses, benefits, etc.).

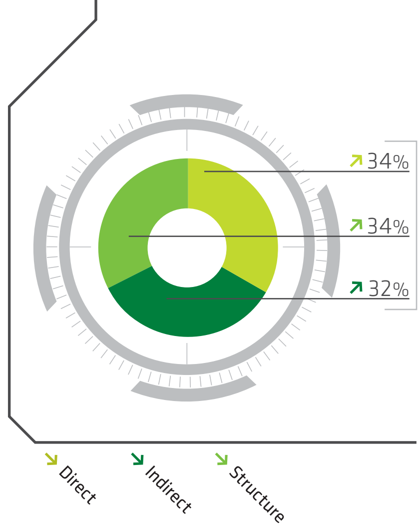
Gamesa's workforce
NUMBER OF EMPLOYEES



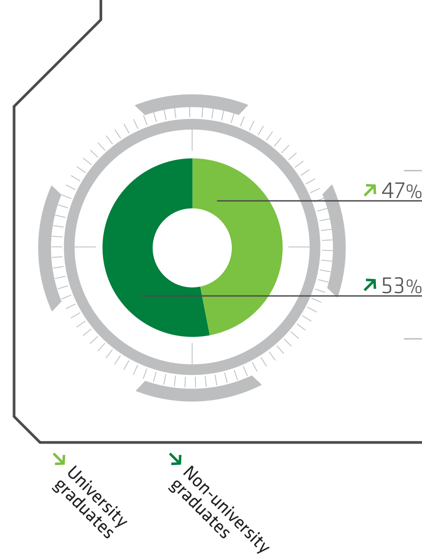
Geographic breakdown of workforce in 2009



Type of employment in 2009



Professional categories in 2009



Gamesa is firmly committed to dialogue and collective bargaining with its employees based on respect for their freedom of association, and it promotes the existence of union representation at its plants throughout the world.

There are union representatives at 28 of the 32 workplaces in the wind turbine area, Made and the wind farm development and sale divisions (i.e. 87.5%). All production plants in the US have union representatives. In China, Gamesa supports and works together with the National Union to establish unions.

Development and Training

Training efforts in 2009 were equivalent to 32.32 hours per employee.

Gamesa offers an extensive range of training, involving 501 different course types in numerous fields, using a range of teaching methods, and with a specific scope for each identified training need.

In 2009, there were 25,711 employee registrations for the 2,838 training courses that were given.

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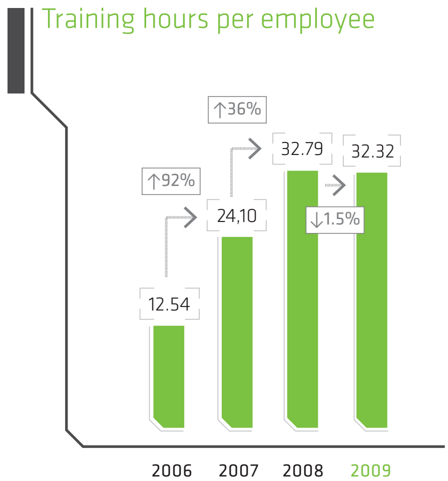
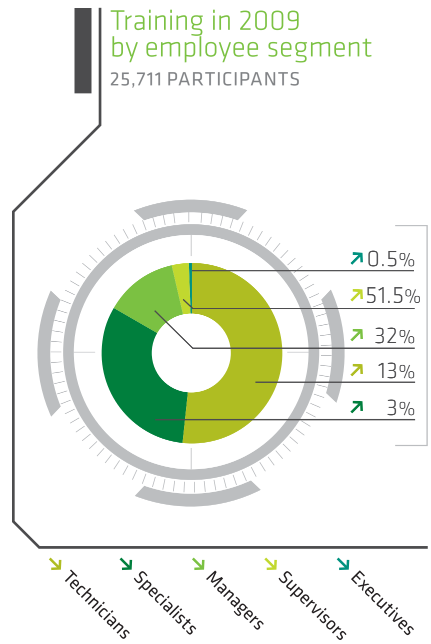




In 2009, the company created the Gamesa Corporate University, whose aim is to enhance employability through evaluation, knowledge and professional development so as to enhance employee commitment to, and alignment with, the company's strategy and culture.

The Gamesa Corporate University will cover all regions, businesses, professional categories and roles, and areas of knowledge, as well as customers and suppliers.

The Gamesa Corporate University will enhance employability through evaluation, knowledge and professional development

Attracting and retaining talent

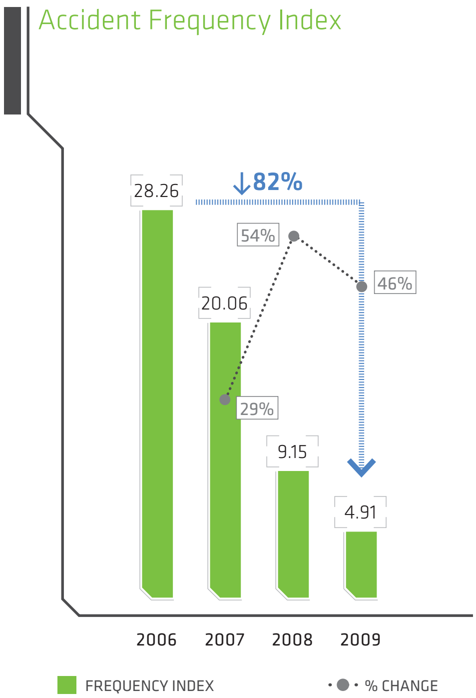
Senior and middle management and specialist staff receive regular performance assessments with regard to the objectives for the year and the competencies required for the job.

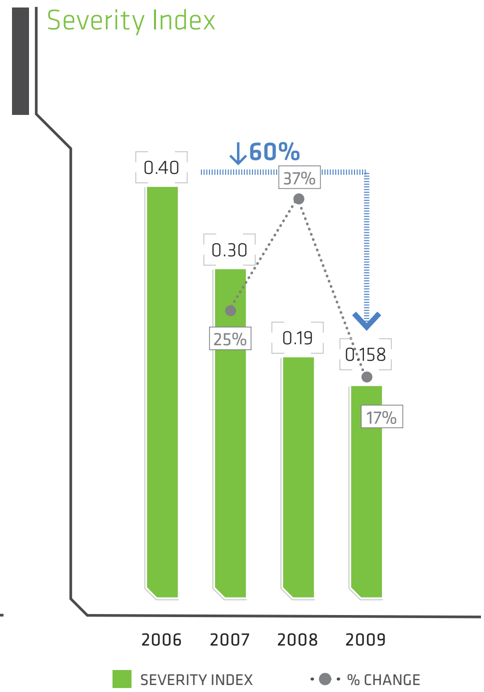
In 2009, the company set up an initiative to enhance the professional development of people with front-line responsibilities and achieve concrete results in enhancing leadership skills within Gamesa. The initiative consisted of a 360° evaluation of 99 senior and middle managers in Europe, the US and China.

The performance evaluation serves as a guide for remuneration and professional development. At the end of 2009, 45% of employees were subject to systematic performance assessments.

Employee satisfaction surveys are another means of gauging employees' sentiment and expectations.

In 2008, Gamesa conducted a survey of all its employees to ascertain their general degree of satisfaction with the company and each employee's degree of satisfaction with his/her job. Participation was 66%. Sixty-eight per cent of employees stated they were satisfied with Gamesa. Employees' satisfaction with the tasks and content of their jobs was found to be 75.7%.





In 2009, Gamesa implemented action plans to address the factors that shape employee satisfaction. As a result, over 120 initiatives were organised at 27 workplaces, 90% of which are completed or ongoing.

These initiatives are very varied and comprise actions on each of the areas for improvement that were detected. In the area of remuneration, among others, work was done on implementing the long-term incentive plan (ILP 2009-2011); optimising remuneration by establishing a flexible remuneration plan; an analysis of internal fairness, and an analysis of external competitiveness.

Additionally, actions were taken with geographical and/or functional scopes to review the annual bonus strategy and process, to gather knowledge about the remuneration system and the performance management system, among others.

The company also has a range of internal communication channels such as the intranet (an average of 1,630 unique users, 70,562 visits, 291,463 page views in 2009), the "Renews" bulletin (275) and the in-house magazine, published in three languages: Spanish, English and Chinese.

Health and Safety

Gamesa views workplace health and safety as a top priority. This commitment is expressed in the global health and safety policy and is classified as a strategic instrument involving workers and labour representatives that contributes to the company's sustainability with the goal of zero accidents.

To attain this objective, the company has workplace safety plans, it fosters a culture of health and safety, it promotes improvements in physical conditions in the workplace, and it organises training in this area. These actions, in conjunction with the overall safety policy, enabled the company to continue reducing the accident rate.

In 2009, Gamesa's workplace Health and Safety Management System was certified to the OHSAS 18001 Standard.

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SUPPLIERS

Gamesa defends and applies fair treatment to suppliers, whom it sees as a fundamental component of its business and an essential part in the added value contained in its products and services.

In 2009, the Procurements department implemented a number of initiatives that helped to achieve this area's strategic objectives, i.e. to have a global supply network and maintain standards that contribute to rigour and prestige in procurement.

To that end, the company took action in the following areas:

- optimising Total Cost of Ownership (TCO) by improving material costs and supplier productivity, and sourcing supplies locally in China, the US and India;
- enhancing supply chain integration with the production plants, providing greater flexibility and capacity to respond;
- contributing to the development of new products by seeking and creating capacity among suppliers;
- contributing to growth and the creation of new capacity, supporting Gamesa's global outreach by adapting and creating supply chains in target countries such as China, India and the US.

The procurements area contributed to attaining the business objectives with regard to cost cutting (PMC 500) by identifying 400 million euro in potential cost savings, 50% of which lie in enhancing the supply chain.

To that end, the Total Cost of Ownership (TCO) was reduced by improving processes involving suppliers, concentrating purchase volume at the best suppliers, and developing projects in Asia and North America.

Sourcing supplies close to the locations where they will be used contributed to creating wealth in those regions and to reducing logistics costs, customs tariffs and exchange rate risk.

Local sourcing of procurements in 2009:

- 76% at facilities in China;
- 63% at facilities in the US.

Efficient supply chain

Gamesa has also worked with its suppliers to improve products, component manufacturing processes and the supply chain. The results include improved inventory management, shorter supply times, and lower costs in the new product design phase.

The reduction in times was attained by shortening supplier lead times to below 3 months and in making the supply chain more flexible, with the result that the inventory in Gamesa's installations has been reduced to 10 days.

Management of quality non-conformities was improved by involving suppliers to analyse non-conformities and finding ways to correct them; this resulted in a 35% reduction in supplier non-conformities.

Production capacity contracted with suppliers was managed so as to create a win-win situation, fulfilling commitments while locating contracted capacity in the regions where demand requires it.

Gamesa requires that its suppliers are certified to ISO 9000:2000 or an equivalent. Of the company's 500 component and raw material suppliers around the world, 95% have a quality system certified to the ISO standard or its equivalent.

Local supply network

Gamesa also strengthened its supply chain in order to steadily increase the degree of local sourcing of new components by creating technology clusters that are closely linked to its main suppliers. It also promoted the following:

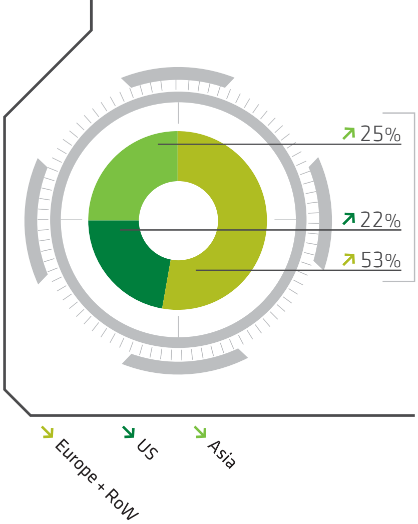
- integration with its suppliers in the various regions so as to have a supply chain that is synchronised with Gamesa's manufacturing activities;
- technological integration with suppliers so as to achieve new product configurations;
- cooperation with suppliers in after-sales service;

Gamesa was able to apply these principles as its European suppliers have expanded internationally with it, and also because of the contribution by its global and locally developed suppliers.

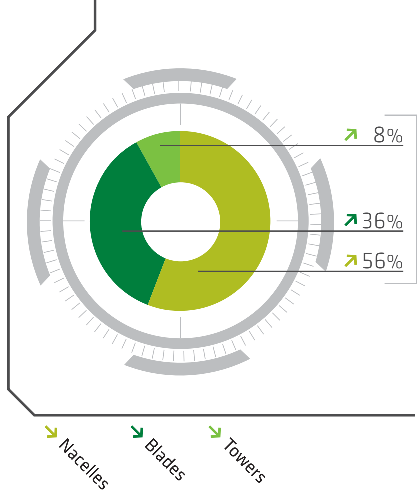
Supplier relations are governed by procurement conditions that explicitly require respect for human and labour rights and a clear position against fraud and corruption. The company also implemented the Global Sourcing process to plan, direct, implement and control the procurement of mass-produced parts in order to enhance quality, service and competitiveness in a sustainable way.

Additionally, the new procedure for managing indirect costs played a key role in controlling and managing procurements of indirect products and services (i.e. those that are neither components nor raw materials), obtaining reductions of 15%.

Geographic breakdown of suppliers in 2009



Breakdown of suppliers by business area in 2009



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ENVIRONMENT AND COMMUNITIES

Gamesa works to reduce the environmental impact associated with energy use in two ways:

- by minimising the negative impact of its own activities on the environment; and
- by developing products that reduce CO_2 emissions.

In this context, Gamesa plays an essential role in combating climate change: the 18,000 MW of wind capacity it has installed since inception avoid 27 million tonnes of CO_2 emissions per year.

Gamesa has a Strategic Environmental Plan 2009-2011. Its goals for 2010 include:

- obtaining ISO 14001 certification for the activities performed at the company's new plants in Aoiz (Navarra, Spain) and India;
- reducing waste production by 5%;
- reducing waste management costs by 10%;
- advancing with the life cycle analysis of the Gamesa G90 model, as a first step towards eco-design;
- requiring that 10% of suppliers have ISO 14001 certification; and
- reducing CO_2 emissions by 20%.

Environmental management systems were implemented in 2009 that led to new certifications under ISO 14001 in China (construction and services), Europe (Fundición Nodular del Norte, in Burgos, Spain) and the US (at the two plants, the construction and services division, the Bristol Regional Operation Centre, and the Oxford Valley office).

Gamesa's ecological footprint

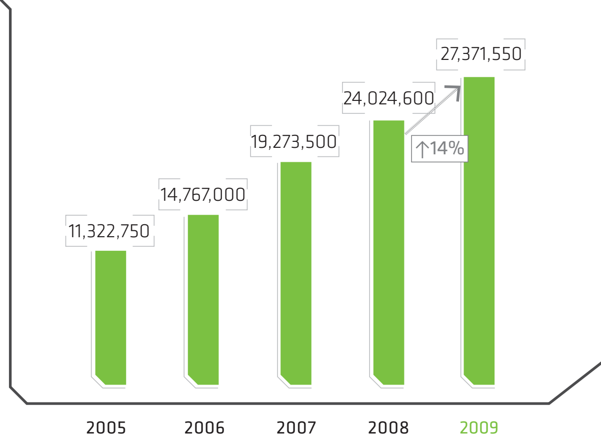
Even though the impacts of its activity are offset by the products it sells and the related emission reductions, Gamesa exhaustively tracks the environmental aspects of its activities and strives to reduce its relative impact (i.e. per unit output).

In 2009 it processed 129,601 tonnes of raw materials, nearly 29% less than in 2008. The US accounted for 8%, China for 10%, and Europe and the rest of the world for the other 82%.

As for eco-efficiency levels, those figures represent 20 tonnes per employee, a 5-point improvement on 2008. Efficient energy consumption is one of the pillars upon which Gamesa bases the fight against climate change.

Greenhouse gas emissions

TONNES OF CO_2 AVOIDED PER MW INSTALLED



DATA ON EMISSIONS REDUCTION:

- MW installed: **18,247**
- GWh/year: **45,617**
- Tonnes NO_x avoided: **313,620**
- Tonnes SO_2 avoided: **173,346**
- TOE avoided: **3,923,105**

The company directly consumes energy in its manufacturing processes and in the value chain such as assembly, climate control, component curing systems, metal casting, etc. Indirect energy consumption, i.e. energy used to produce and distribute the energy products acquired by Gamesa, is also recorded.

Energy consumption totalled 1,061,776 GJ in 2009, a 21.8% reduction with respect to 2008.

That figure represents 167 GJ per employee, the lowest figure in three years and 21 points better than the 2008 level.

Energy consumption per employee fell to 11.2 MWh in 2009, 1.3 points less than in 2008, clearly revealing the positive impact of energy efficiency measures.

The indicators for other materials and activities in 2009 are as follows:

- water consumption was also reduced, by 25%. The company produces discharges—primarily sewage—and takes steps to reduce their volume and impact;

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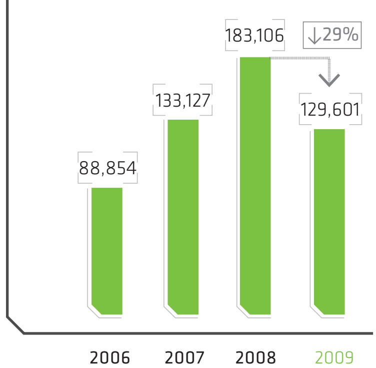
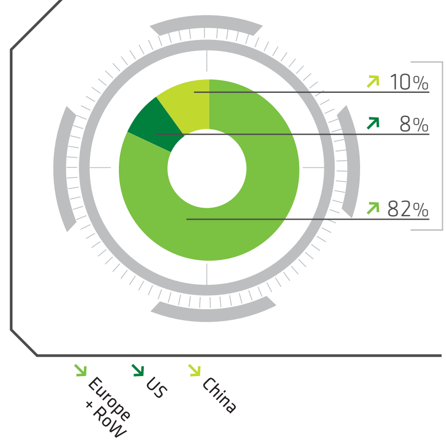
Consumption of raw materials (TN)



Consumption of raw materials in 2009

TOTAL: 129.601t



- waste production fell by 26% to 16,069 tonnes (21% of which was hazardous waste; the other 79% was non-hazardous.
- a total of 64,237 m^3 of liquid discharges were produced (+21%), but the company no longer discharges into watercourses;
- reducing road freight transport and its attendant environmental impact reduced vehicle kilometres travelled by close to 60%.

In 2009, the products installed by Gamesa avoided 69 times the amount of greenhouse gas emissions than were produced in their manufacture

Gamesa's greenhouse gas emissions totalled 48,062 tonnes of CO_2 equivalent in 2009, a reduction of close to 28%, including both direct and indirect emissions. In contrast, the installation and commissioning of Gamesa products prevent the emission of more than 27 million tonnes of greenhouse gases per year.

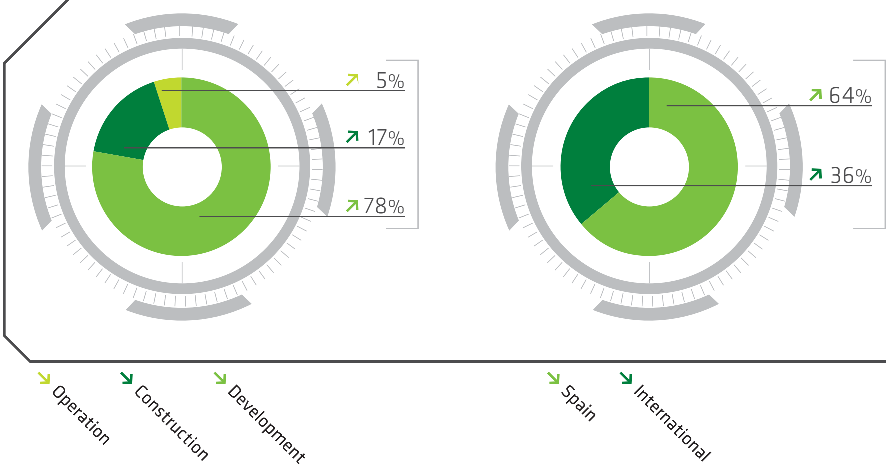
Therefore, the new products installed by Gamesa in 2009 avoided 69 times the amount of greenhouse gas emissions than were produced in their manufacture.

The Gamesa Energy Efficiency Program (GEEP), which was launched late in 2008, was extended to most production plants in Spain in 2009. The purpose of the GEEP is to contribute to business excellence through a commitment to reduce CO2 emissions by eliminating inefficient energy consumption and raising awareness among employees so that they support a culture of efficient resource management.

Gamesa has launched a new business line focused on selling consulting, management and educational services in the area of energy efficiency and saving, as well as the implementation of energy solutions.

2009 Biodiversity studies

TOTAL: 150 STUDIES



Biodiversity

Gamesa's production activities, both turbine manufacture and wind farm establishment, need to occupy space.

In 2009, Gamesa conducted an Environmental Impact Survey (EIS) of all the projects it has developed in order to minimise their impact and take remedial measures. For example, in Málaga, where it has wind farms close to the Laguna de Fuentelapiedra Natural Park, home to the only breeding colony of flamingoes in the Iberian Peninsula, Gamesa tracked the birds using radiotags in cooperation with the Doñana Biological Station.

Commitments and awards

Gamesa has made a number of voluntary commitments in the areas of sustainability, climate change and the defence of fundamental human rights and freedoms:

- in 2005, it joined the UN Global Compact and undertook to support the ten principles of human and labour rights, environmental protection and the fight against corruption;
- in June 2008, it signed the Caring for Climate: The Business Leadership Platform declaration, an initiative of the Global Compact that seeks to involve businesses and governments in taking measures to combat climate change;
- in 2009, Gamesa signed the Copenhagen Communiqué on Climate Change, which was made public at the United Nations Framework Convention on Climate Change (UNFCC) by the Cambridge University Programme for Industry and the Prince of Wales's Corporate Leaders' Group on Climate Change;
- to enhance transparency, Gamesa has been cooperating with the Carbon Disclosure Project (CDP) since 2008.

Gamesa's transparency and sustainable model received a number of distinctions in 2009:

- European Business Awards for the Environment 2009/2010: the Gamesa G10X-4.5 MW wind turbine won the Product award for Sustainable Development in the Basque Country and Spain;

- VII Awards for Sustainability Report (granted by AECA and ICJCE): finalist;
- The Basque Business and Society Foundation awarded Gamesa its 2008 Business Innovation award.

Community Action

Gamesa's actions in the area of sustainability seek to strike an appropriate balance between its mission to create and distribute wealth, on the one hand, and absolute respect for people and the environment, on the other. This commitment materialises in the form of actions to meet the needs of the communities where the company operates, apart from creating employment.

It acts to dynamise economic and social regeneration. In 2009 Gamesa developed the Conca de Barberà Green Trail in Catalonia, an innovative project to raise awareness of renewable energy (wind energy, specifically) and its benefits for communities. The 20 km trail, the first of its kind in the region, follows a route through wind farms developed by Gamesa.

In the academic sphere, a framework agreement for scientific and technical cooperation signed by Gamesa and other companies in the industry with the Public University of Navarro led to the creation of a permanent teaching facility on renewable energy. The agreement seeks to encourage businesses and technology centres to cooperate with the University in the area of renewable energy.

In October 2009, Gamesa agreed to donate a 2.0 MW wind turbine to the University of Delaware.The turbine, capable of supplying the electricity needs of 500 households without emissions, will provide clean power to UD's College of Earth, Ocean and Environment (CEOE) campus.

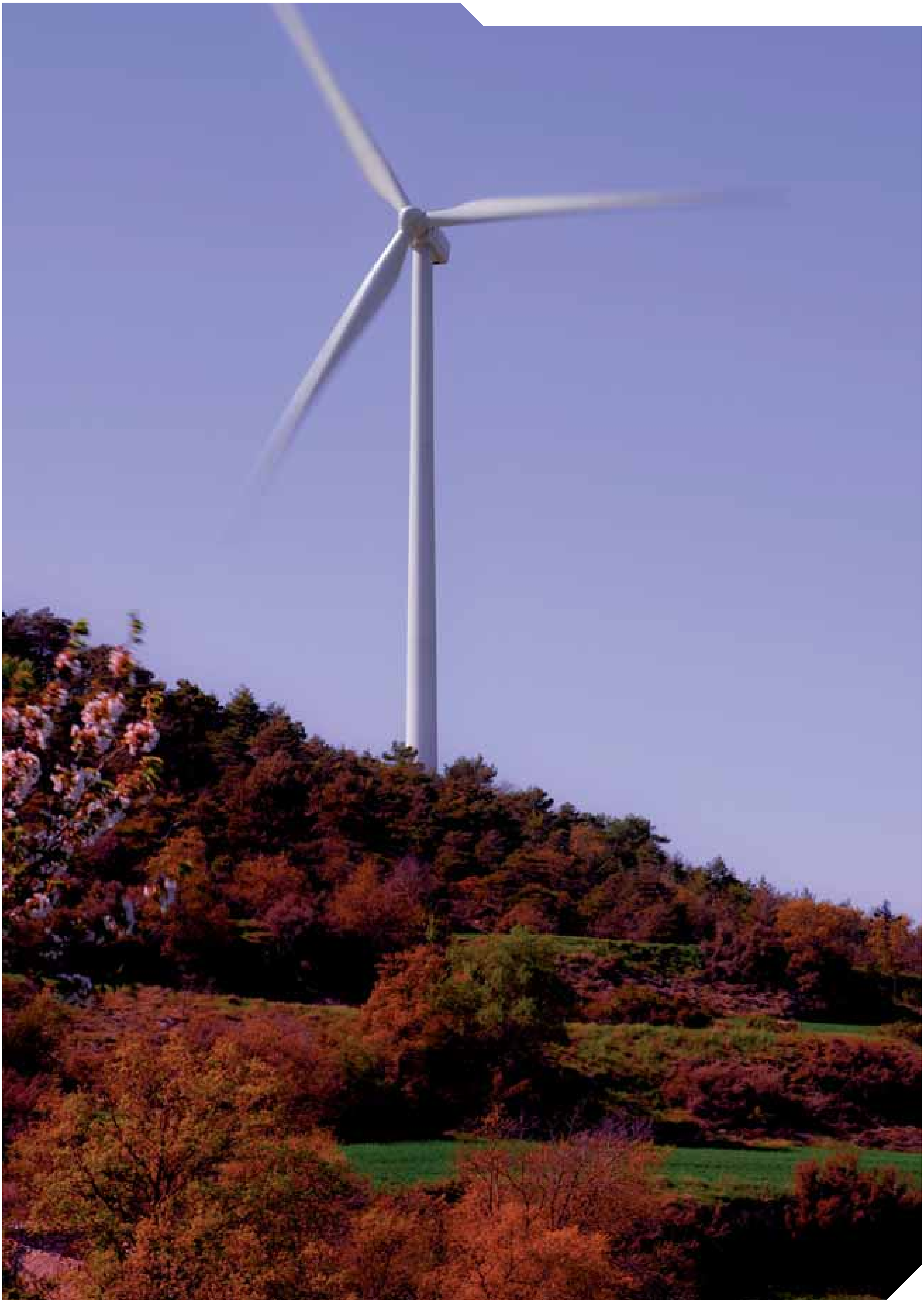
The project will also enhance UD's research into turbine corrosion, the impact on birds, and other aspects of renewable energy.

In October 2009, Bilbao School of Engineering (UPV/EHU) inaugurated the Gamesa Teaching Facility, whose goal is to train professionals in renewable energy . The project is also supported by the Tecnalia and Tekniker research centres, both based in the Basque Country, which regularly work with Gamesa on R&D projects.

Gamesa also participated in initiatives as part of European Wind Day, and it won the inter-enterprise competition with a carpool proposal for the employees of its French wind farm development unit.

In 2009, the company provided 100,000 euro in sponsorship of science and technology educational activities.

> Gamesa and the University of Delaware (US) are researching turbine corrosion, the impact on birds, and other political aspects of renewable energy



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