January-December 2010 Results

Undertaking the BP 2011-13 from a solid foundation

February 24, 2011, Madrid

Gamesa

Table of contents

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Period highlights

Effective management in a highly competitive market

- **Gamesa strengthens the alignment of manufacturing to deliveries and cash collection in Q4 to maximize the net free cash flow(1)** and undertake the BP2011-13 from a highly sound financial position
  - **Group net cash position of EUR210 MM** at December 2010
- **Continuous traction in the commercial strategy** with **1,996 MW of firm orders**(2) in H2 2010 (810 MW in Q4)
  - **Year-end order book** (3) of 1.414 MW **up 25% year-on-year**
  - **48% coverage** of 2011 sales volume guidance of 2,800 MWe-3,100 MWe
- **Guidance fully met** in a highly competitive market environment
  - **4.9% EBIT margin** and **2,405 MWe sold** in the WTG division
  - **EUR10MM wind farm EBIT in H2 2010**
  - **Group working capital to sales ratio of 16%**

(1) Net Free Cash Flow (Net FCF) =Gross operating cash flow -▲/+▼ working capital - capex

(2) Firm and irrevocable orders and confirmation of framework agreements (FAs)

(3) Firm and irrevocable orders and confirmation of FAs at Dec. year N for delivery year N+1

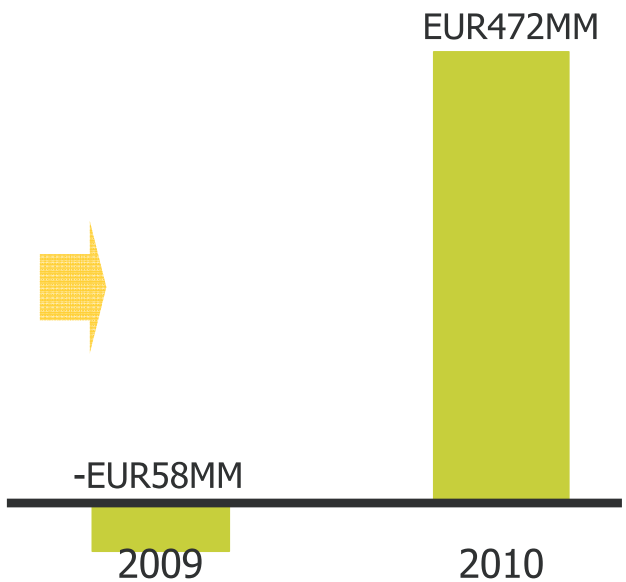
Period highlights

Highly financially sound to undertake the Business Plan 2011-2013

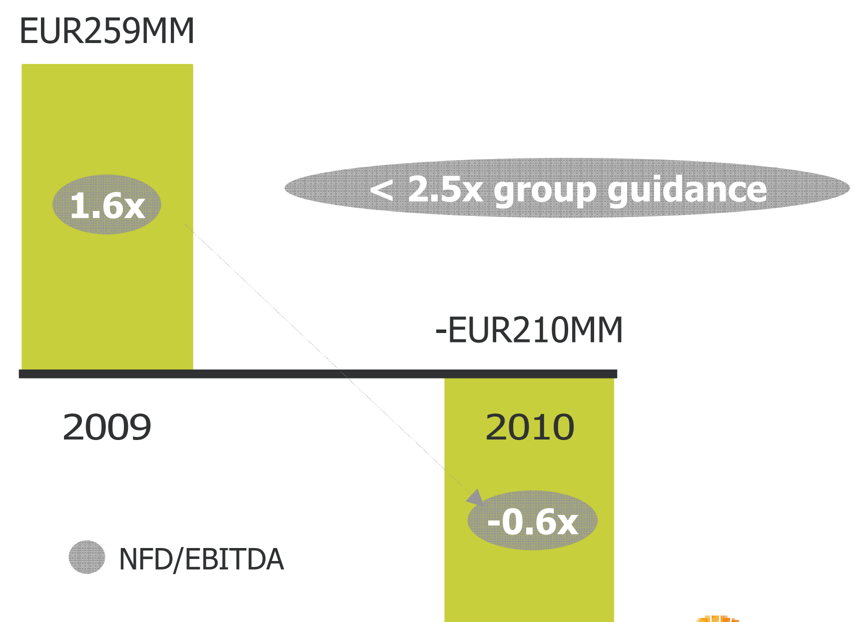
EUR472MM of net free cash flow generation leading to a net cash position of EUR210MM at December 2010

- ✓ Production closer to client deliveries
- ✓ Strict cash cost control
- ✓ Demand recovery

Net Free Cash Flow - Group

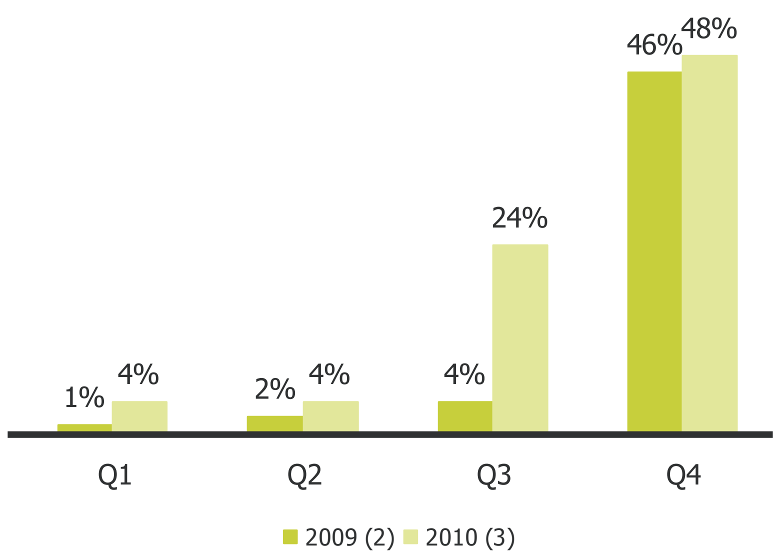


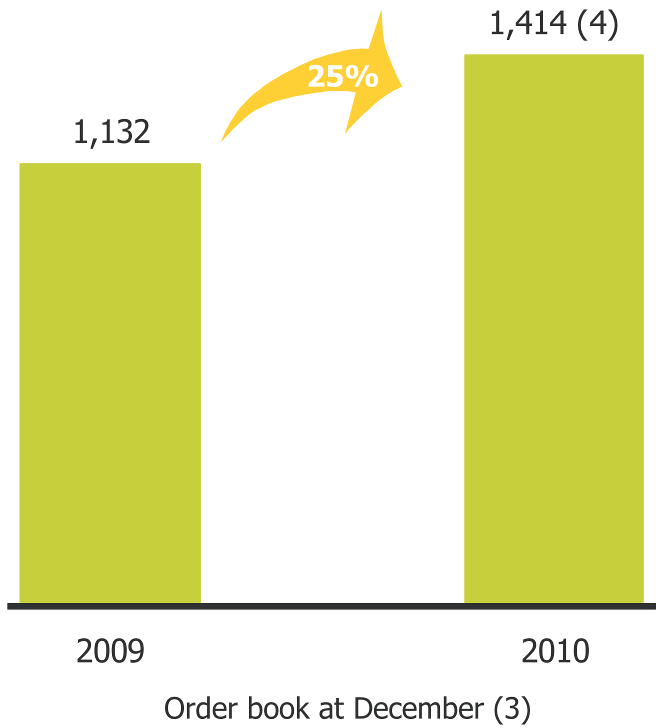
Net Financial Debt - Group



Period highlights
25% increase in YE order book (1)

25% increase in YE order book on the back of strong recovery of order intake; 1,996 MW in new orders in H2 2010 of which 1,299 MW are for 2011 delivery





(1) Firm and irrevocable orders and confirmation of FAs at Dec. year N for year N+1 delivery

(2) Coverage of the average of the guidance range of 2,400 MW – 2,500 MW for 2010

(3) Coverage of the average of the guidance range of 2,800 MW – 3,100 MW for 2011

(4) 1,414 MW for 2011 delivery=109MW (signed in Q1 10) +6 MW (signed in Q2 10)+602MW (signed in Q3 10)+697MW (signed in Q4 10)

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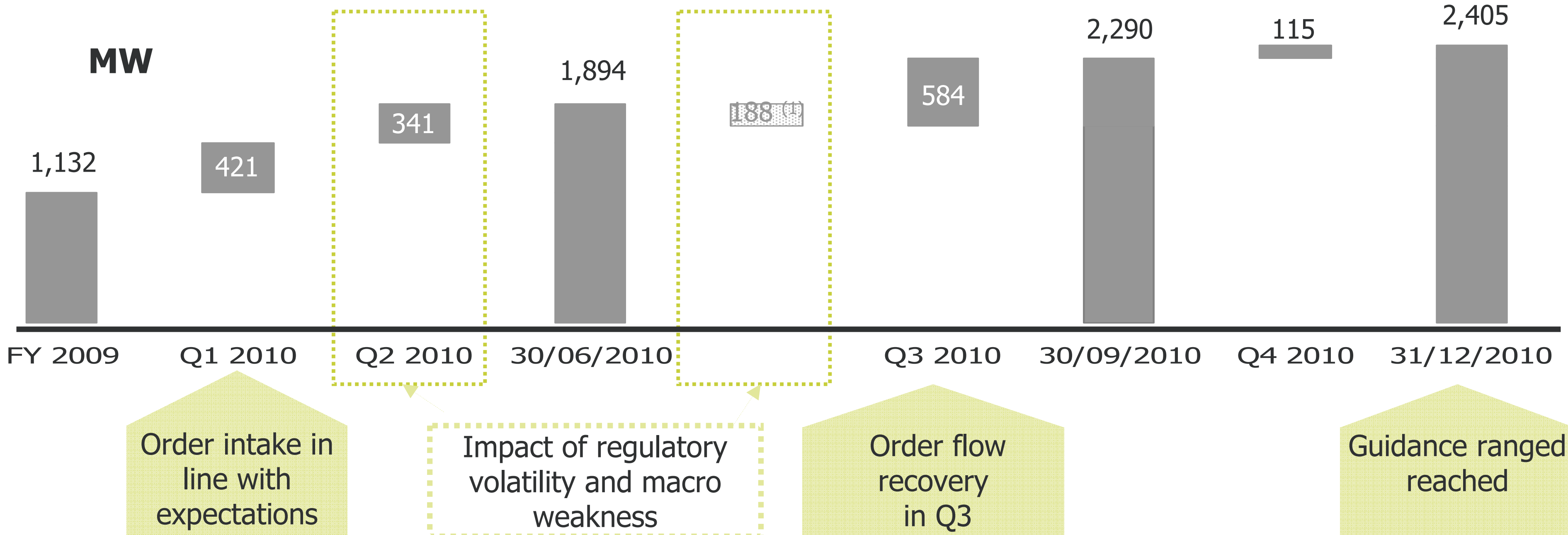
Period highlights

Positive progress of commercial efforts

Successful commercial expansion within a demand recovery environment led to the fulfilment of our volume guidance despite regulatory volatility

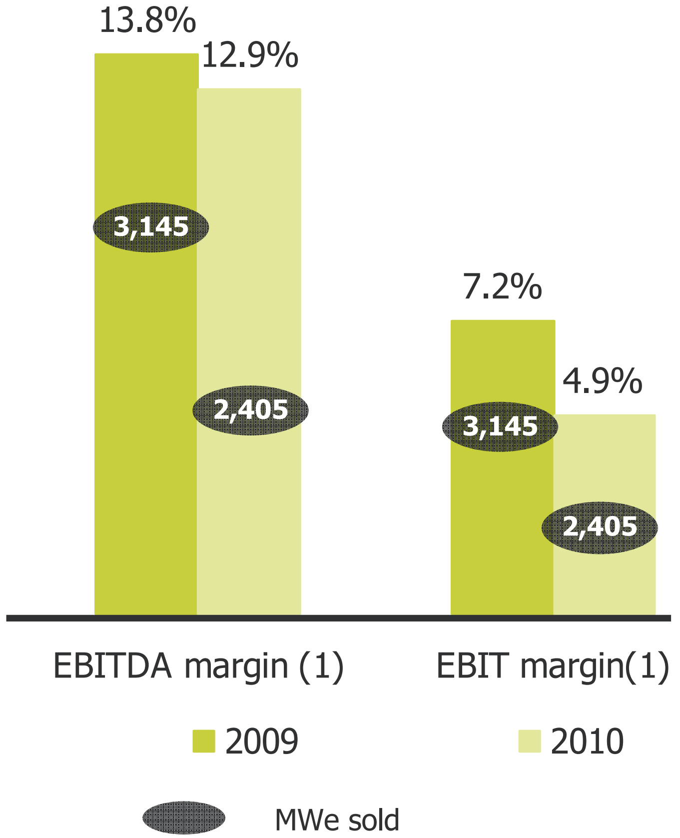


MW Order intake 2010 sales (firm and irrevocable orders and confirmation of framework agreements)

(1)Delivery of 2010 order postponed due to failure to receive the RD661 tariff

Period highlights
Sound profitability in highly competitive markets

Preserved profitability, in line with market guidance, in an increasingly competitive environment



- **EBITDA margin [1] impacted by competitive market conditions** and downward price pressure.
  - Over EUR100MM [2] in cost savings in 2010 compensated by increasing price pressure
- **EBIT margin [1] of 4.9% in line with guidance** (between 4.5% and 5.5%), down due to lower cost absorption and the impact of price pressure on gross margins

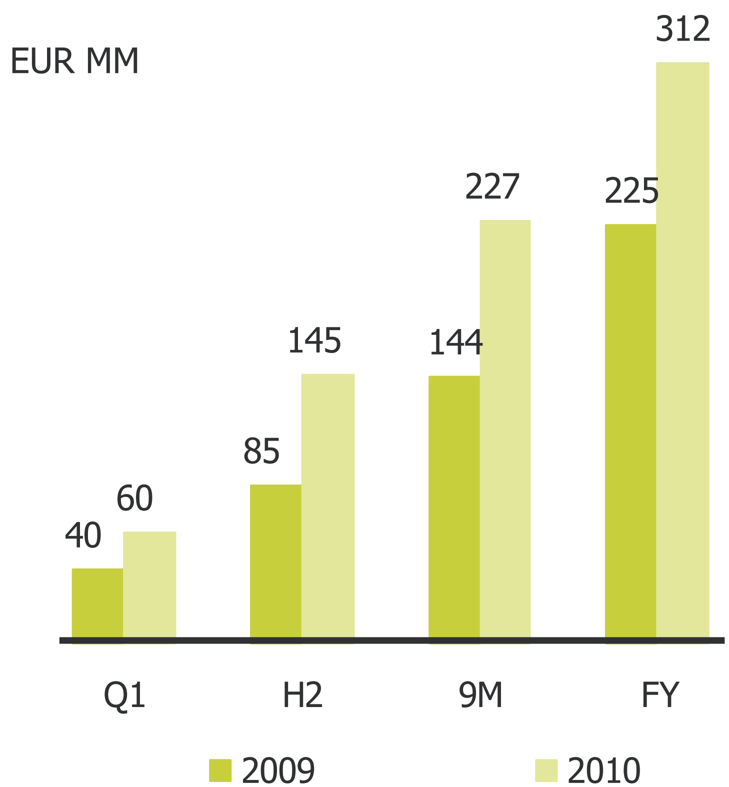
(1) Wind Turbine Division

(2) Gross cost savings measure accroding to the PMC500 vs. 2009 cost base

Period highlights

Strong performance in O&M services

Strong O&M performance leading to c.98% average plant availability

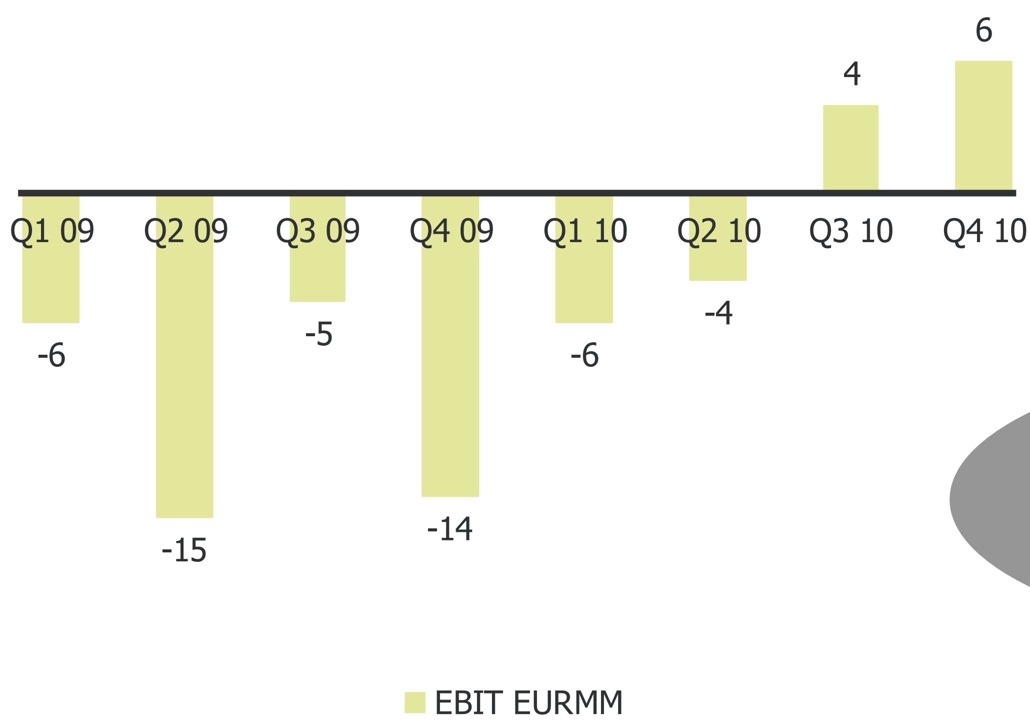


- **39% annual growth in service sales** to EUR312MM and **12% contribution to WTG sales**
  - Signature success after warranty period expires
- **Over 13,600MW under maintenance**, up 10% y-o-y
  - **Up 13.5% excluding China**

Period highlights

Positive trend in wind farm profitability

Positive trend in the profitability of the wind farm division driven by the recovery of the construction and sales activity



593 MW delivered in 2010

New clients: Edison, Ikea, RWE

New geographies: Poland & Mexico

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Table of contents

Wind Turbine Generator Division

2010 results and KPIs
Wind Turbine Generators - Financial Statements

EUR MM	2009	2010	Var. 10/09	Q4 10
Sales	3,113	2,623	-16%	916
MWe	3,145	2,405	-24%	805
EBITDA	430	338	-21%	119
EBITDA/Sales	13.8%	12.9%	-0.9p.p.	13.0%
EBIT	225	127	-43%	35
EBIT/Sales	7.2%	4.9%	-2.3p.p.	3.9%
Net Income	144	64	-56%	14
NI/Sales	4.6%	2.4%	-2.2p.p.	1.5%
NFD	72	-405		-405
NFD/EBITDA	0.2x	-1.2x	-1.4x	-1.2x

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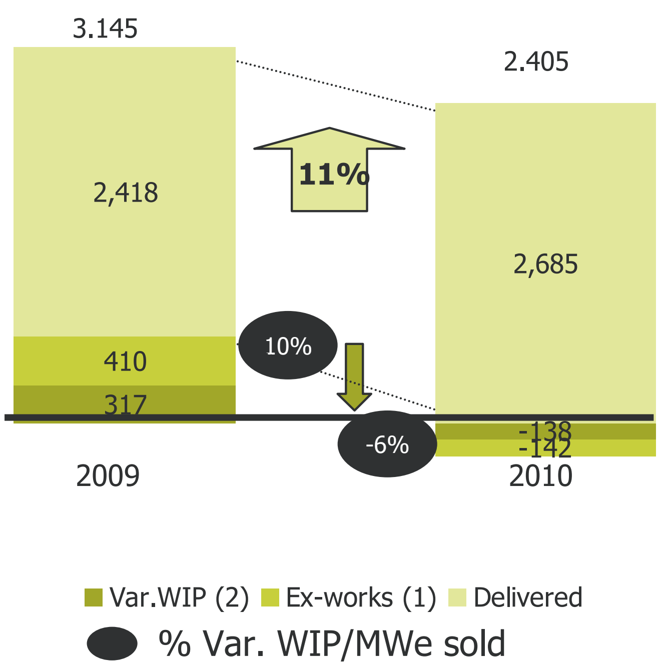
2010 results and KPIs

Wind turbine generators - Activity

11% increase in deliveries and the reduction of WIP and Ex-works highlight management effectiveness during 2010 and set a solid base for 2011

Evolution of MWe sold



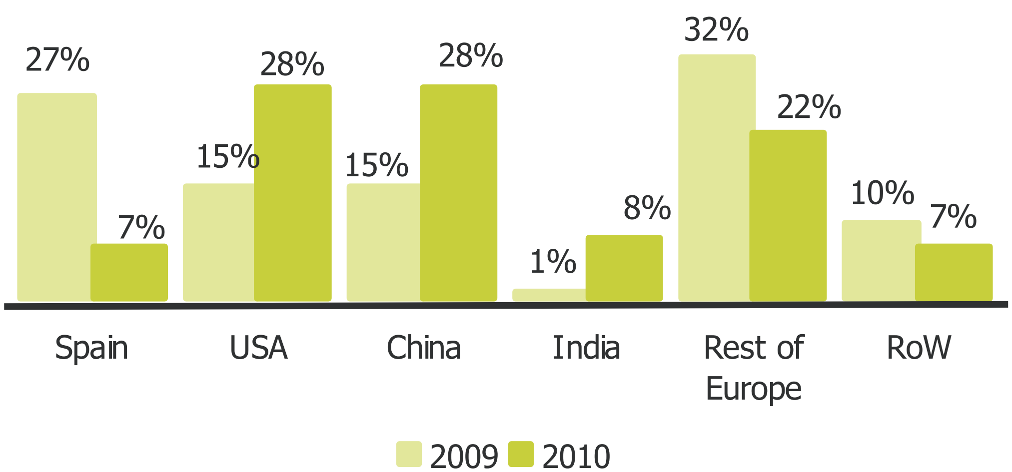
- Close alignment between manufacturing and deliveries, **with nearly a 300 MW reduction of WIP and ex-works**
- **Record deliveries in H2 2010 (2,147 MWe)** cut down stock of invoiced products
    - 80% deliveries in H2 confirm the strong seasonality foreseen for the year

(1) Stock variation of invoiced finished products available for delivery
(2) Stock variation of non-invoiced finished products

Wind turbine generators - Activity

China, India and US compensate the maturity and uncertainty of the Southern European markets

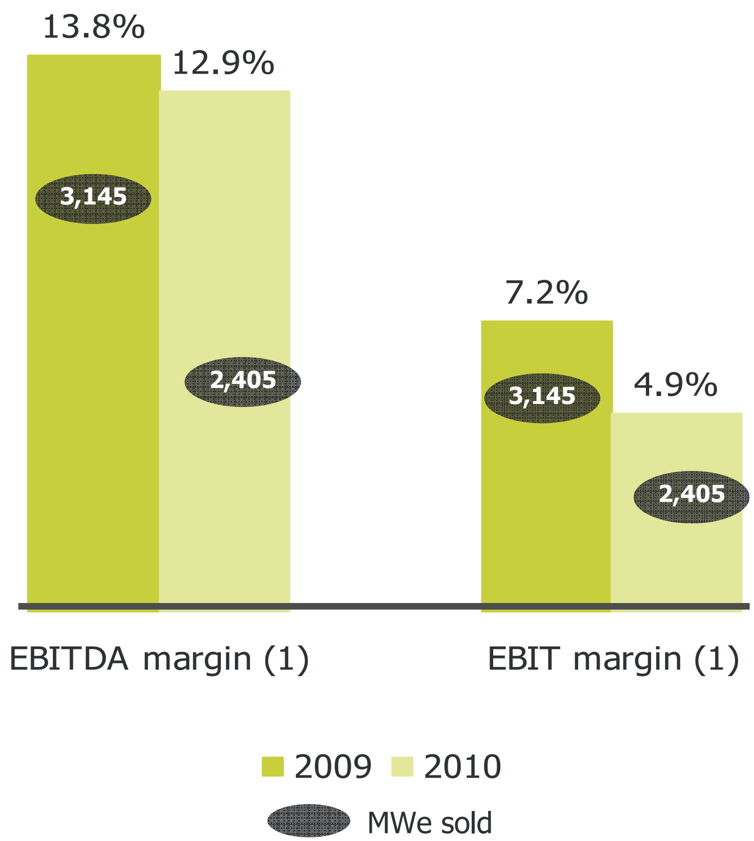
Geographic mix (MWe sold)



- China and the US double their contribution to group sales to 28% each from 15% each last year
- India contributes 8% in the first year of full operations

2010 results and KPIs
WTG - Profitable delivery in a highly competitive market

Wind turbine EBIT margin of 4.9%, within the committed guidance, in a highly competitive market thanks to the cost optimisation programme



- Gross margin negatively impacted by a highly competitive environment and the downward pressure on prices, compensated by strong costs optimization efforts
  - Total costs savings over EUR100MM (2) in 2010
- Warranty provisions stable c. 3.5% show the robustness of Gamesa´s product platform and manufacturing processes given fast expansion in new markets
- Increasing contribution of O&M service sales
  - From 7% of wind turbine sales in 2009 to 12% in 2010

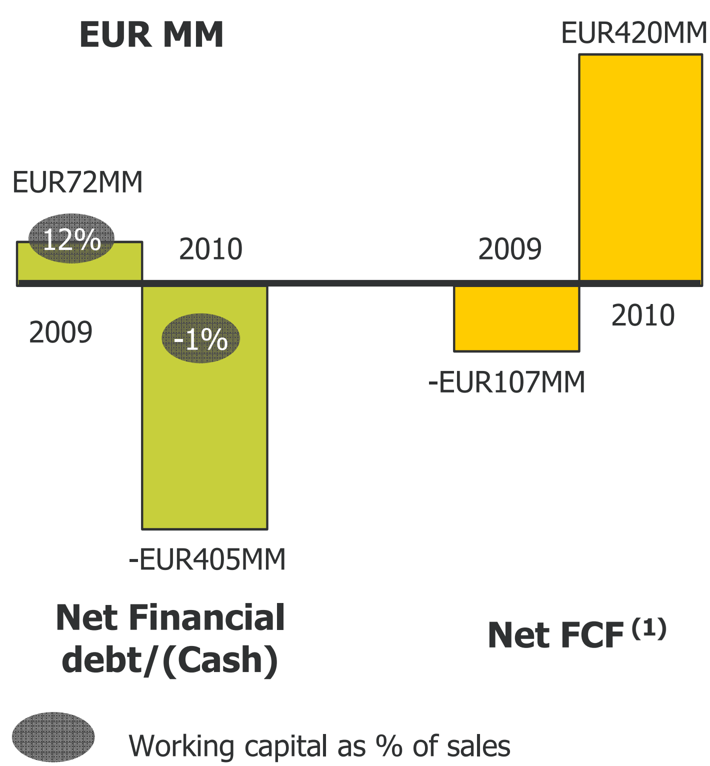
(1) Wind Turbine Division

(2) Gross cost savings measure accroding to the PMC500 vs. 2009 cost base

2010 results and KPIs

WTG - Strong financial performance

Strong cash flow generation through close alignment of manufacturing to delivery, working capital management, cash cost control and demand recovery



- **EUR420 MM of net FCF generation**
- **Working capital ratio down from 12% to -1% of sales** due to
  - Improved management of lead-times in sourcing, manufacturing and construction
  - Record deliveries in H2 2010
  - Order flow recovery and follow up down payments
- **Capex of EUR128MM** in 2010

(1) Net Free Cash Flow (Net FCF) =Gross operating cash flow -▲/+▼ working capital - capex

Wind Farm Division

2010 results and KPIs
Wind Farms - Financial Statements

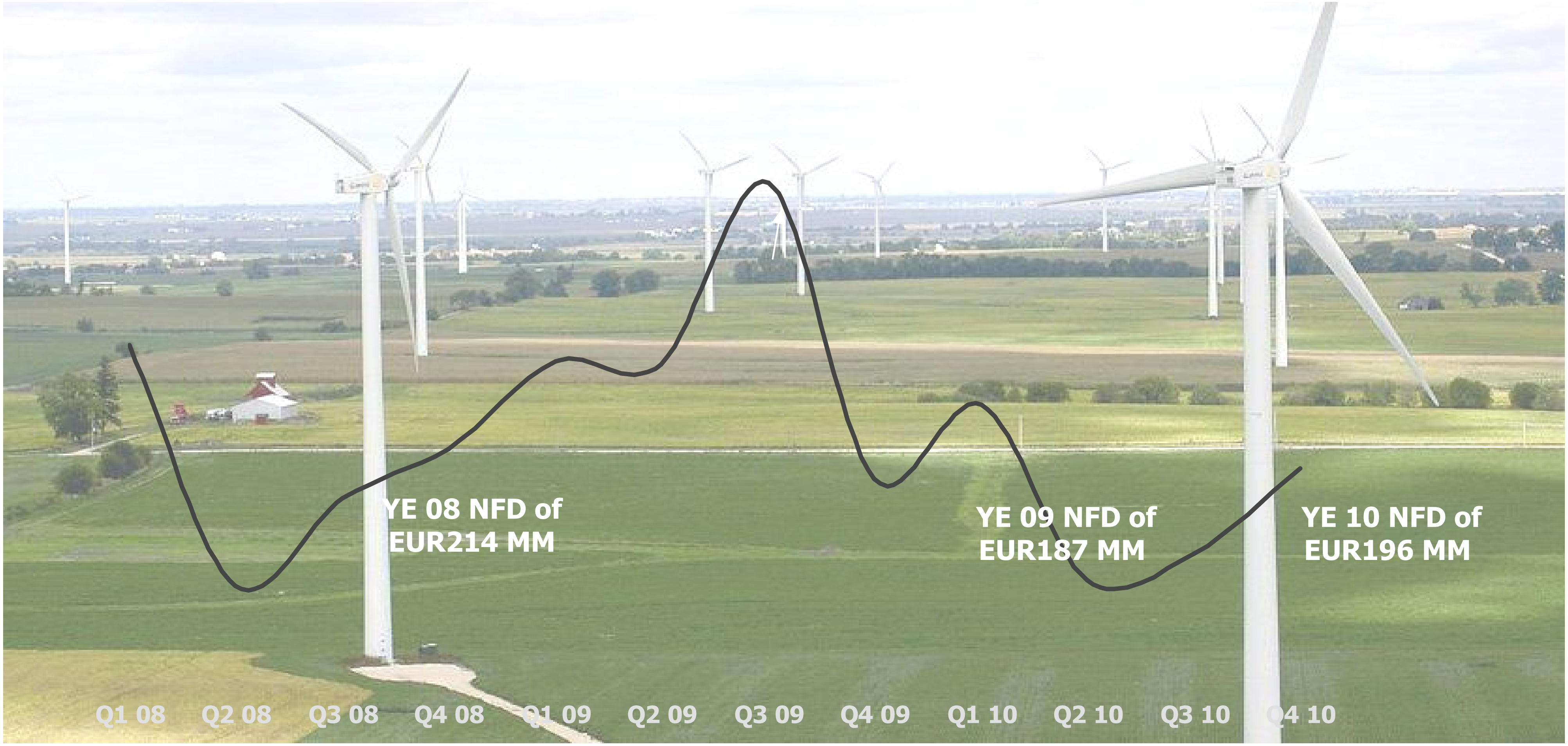
Increasing deliveries highlight the progression in the value realisation plan

EUR MM	2009	2010	Q4 2010
Sales	563	432	144
EBITDA	-27	-1	4
EBIT	-41	0	6
NI	-26	-5	7
NFD	187	196 (1)	196

- 593 MW delivered in the last 12 months, with 180 MW delivered in Q4 10
- Positive EBIT impacted by the recovery in construction and sales activity, with EUR10MM generated in H2 2010

(1) Increase in NFD due to intra-company dividend payments of EUR60MM

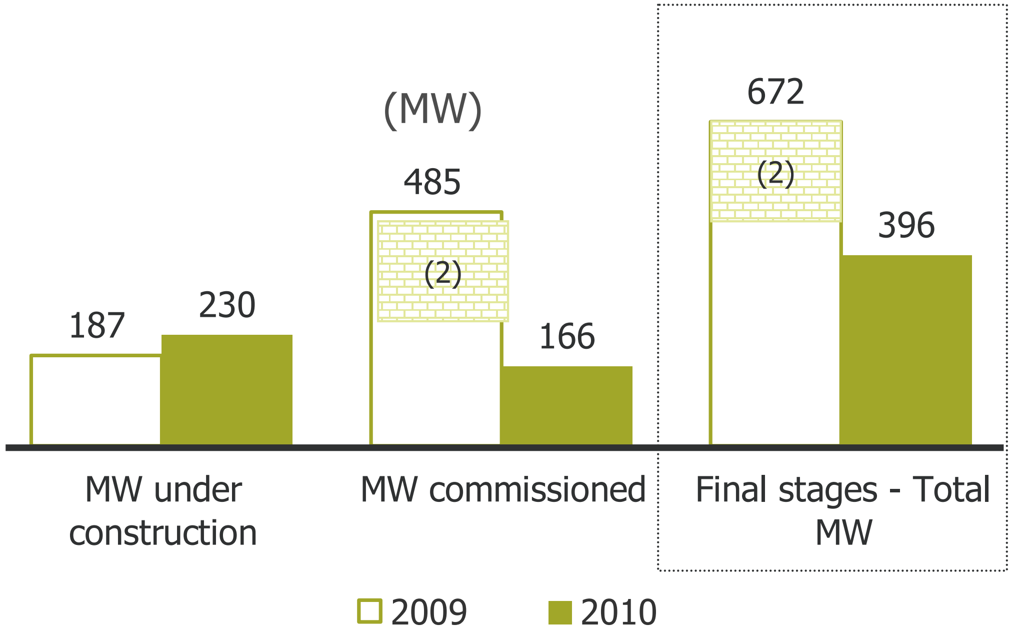
2010 Results and KPIs
Wind Farms - NFD evolution



2010 Results and KPIs
Wind farms - Activity

c.396 MW in the last stages of construction after delivering 593 MW in the last 12 months and 180 MW in Q4 2010

Activity progress [1]



- The recovery of the sales activity continues in Q4 2010
  - 148 MW sold in Spain to Iberdrola Renovables
  - 32 MW sold in Poland to RWE
- Reactivation of the construction activity in the US (38MW) and beginning of construction activity in Greece

(1) Excluding Chinese wind farms

(2) 244 MW monetised in 2009

Consolidated group

2010 results and KPIs
Consolidated group - Financial Statements

MM EUR	2009	2010	Q4 2010
Sales	3,229	2,764	978
WTG	3,113	2,623	916
Wind Farms	563	432	144
Adjustments	(447)	(291)	(82)
EBIT	177	119	44
WTG	225	127	35
EBIT Margin	7.2%	4.9%	3.9%
Wind Farms	-41	0	6
Adjustments	(7)	(8)	3
Net Income	115	50	25
NFD	259	-210	-210
NFD / EBITDA	0.7x	-0.6x	-0.6x
WTG	72	-405	-405
Wind Farms	187	196	196

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Table of contents

Outlook

Business plan 2011-2013 in full motion

- **Product portfolio and O&M optimisation leading to better CoE**
  - **C.98% average availability** of Gamesa plant (0.850 MW and 2 MW) **in 2010**
  - **G10X-4.5 MW supply agreement with E.ON** for 2012 delivery
  - **G94-2 MW Class II** joins family of new 2 MW (G97-2 MW launched in 2010)
- Entry in **2 new countries in the first months of 2011** bring the total to 12 since the launch of our commercial expansion plan
  - Successful entry in Syria (1) and New Zealand
  - 7 new commercial offices: Glasgow, Lyon, Athens, Gdansk, Mexico DF, Sao Paulo and Singapore

(1) Preferred supplier in the 1st national wind auction

Outlook

Business plan 2011-2013 in full motion

- **Capacity adjustment in Spain under way**
  - Three plants ready to be transformed into new product capacity (G10X-4.5 MW) and into big repair centers;
  - Alsasua blade manufacturing facility closed down (200 MW de G52-0.85 MW)
  - Capacity reduced in blade facilities in Somozas (300 MW de G90-2 MW)
- **Investment in growth areas continues**: with the US completed, China well advanced, it is the turn for India and Brazil
  - India – 300 MW of new blade manufacturing capacity
  - Brazil – 300 MW of new nacelle assembly capacity
- **Agreement to supply the first G11XOFS-5 MW prototype to E.ON** in 2012

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Outlook

Investment in growth areas continues from China

- **1,000MW of capacity**
  - G5x-0.85 MW and G9X-2 MW
- Two **new nacelle assembly plants** in Jilin and Inner Mongolia
- **c. 2,726 MW in joint promotion agreements signed since 2009**
  - 256 MW commissioned in 2010
  - 300 MW in new agreements signed in Q1 2011 with Guandong Nuclear in the province of Jilin

Outlook
...into India

- Nacelle assembly **capacity doubled to 500 MW by end of 2010**
- **Development of localized supply chain** with more than 50 local providers
- **First blade manufacturing plant to be opened in 2011**
  - 300 MW G5x–0.85 MW
- **Industrialization of G9X-2 MW in 2012**

Outlook
… and Brazil in record time

- **300 MW nacelle assembly capacity in Bahia in 2011**
- **Commitment to progressive content localization:** around 40% local content in 2011, c.50% in 2012 and c.60% by 2013
- **300 MW of sales agreed**
  - 258 MW supply to Iberdrola in 2011 and 2012
  - 42 MW contract with Inveravante for 2011 supply

Outlook
Continuous progress in offshore

- **Agreement with E.ON for the installation of the G11XOFS-5 MW prototype**
- **Opening of R&D office with Northrop Grumman Shipbuilding** in Chesapeake (Virginia)
  - Team of 50 engineers to develop and test the first 5 MW prototype – installation expected by 2012
- **Pre-selection of potential sites in Scotland** with a total investment of c.50MM EUR and **England**
  - Offshore headquarters in London
  - R&D engineering center in Glasgow
  - Manufacturing facilities and service port in Dundee subject to commercial projects being developed in the area
  - Manufacturing facilities, logistic center for components and project and service ports in the East Coast of England

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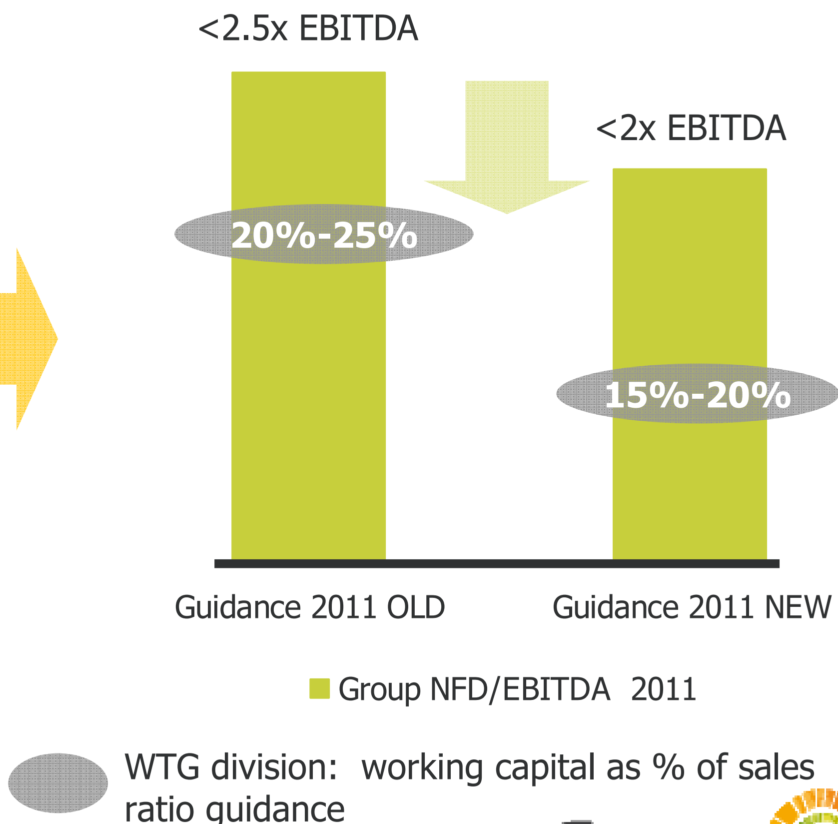
Outlook
Net debt and working capital guidance tightened

- ✓ The net cash position of EUR210MM
- ✓ Closer alignment of manufacturing to deliveries and cash collection and,
- ✓ A strict cash cost control

reduce the needs of working capital and net debt for the Business Plan 2011-2013, within a demand recovery context

Guidance 2011



Outlook
Guidance 2010-2013: Roadmap

WTG Manufacturing

Windfarms Development & Sales

Gamesa

WTG	2010		Guidance 2010	Guidance 2011	Guidance 2013
MWe sold	2,405	✓	2,400-2,500	2,800–3,100	CAGR2010-13: 15%
EBIT Margin	4.9%	✓	4.5%-5.5%	4% - 5%	6% - 7%
WC as % of sales	-1%	✓	c.20%	15-20% ✓✓	c.20%
Capex	128	✓	150	250[2]	250[2]
Wind Farms					
MW delivered[3]	593	✓	c.300[2]	c.400	c.400
China JVs	256	✓	c.150	c.300	c.300
EBIT (MMEUR)	0	✓	c.0	c.20	c.25
Net debt (EUR m)	196	✓	c.300	c.500	
Group					c.500
WC as % of sales	16%	✓	c.35%-45%		
NFD/EBITDA	-0.6x	✓	<2.5x	<2x ✓✓	<2.5x

(1) FY 2010 guidance does not include 244MW delivered to Iberdrola in Q1

(2) Includes offshore investments: EUR30MM in 2011, EUR60MM in 2013

(3) Excluding Chinese joint promotion agreements

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Table of contents

Conclusions

Delivering our commitments,

- **Solid foundation**
  - **EUR210MM in net cash after generating EUR472MM in net FCF** on the back of 1) demand recovery 2) strong alignment of production and deliveries 3) strict cash control
  - **Strong commercial performance** with
    1. YE order book up 25%[(1)] year-on-year
    2. **48% coverage of 2011 sales guidance** of 2,800 MWe to 3,100 MWe
  - **Objectives fully met**:
    1. 2,405 MWe sold, 4.9% EBIT margin and -1% working capital to sales ratio in the WTG division and
    2. Wind farm EBIT breakeven with stable net debt of EUR196MM

(1) Firm and irrevocable orders and confirmation of FAs at Dec. year N for delivery year N+1

Conclusions
Strengthening our position.

- **Moving forward with the business plan 2011-2013 faster than expected**
  - G10X-4.5 MW supply agreement signed with E.ON
  - Commercial launch of the G94-2 MW, a new addition to the optimized G9X-2 MW product family
  - Capacity adjustment plan already started with 300 MW of blade capacity in India and 300 MW nacelle assembly capacity in Brazil to open in 2011, and 500 MW (1) less capacity in Spain
  - Moving ahead in offshore ➔ E.ON agreement for the installation of a G11XOFS-5 MW
- Geopolitical uncertainty and its impact on fossil fuel prices highlight again **the unavoidable need to invest in wind energy. It is this need that secures the long term growth fundamentals of the sector.**

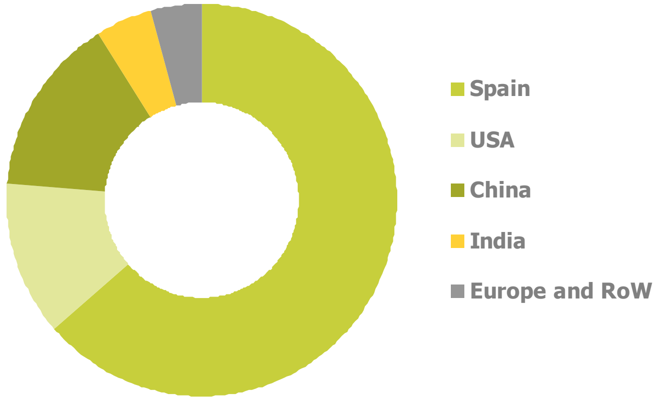
(1) Closure of Alsasua facility-G52-2 MW blades- and reduction of capacity in Somozas –G90-2MW blades-.

Conclusions

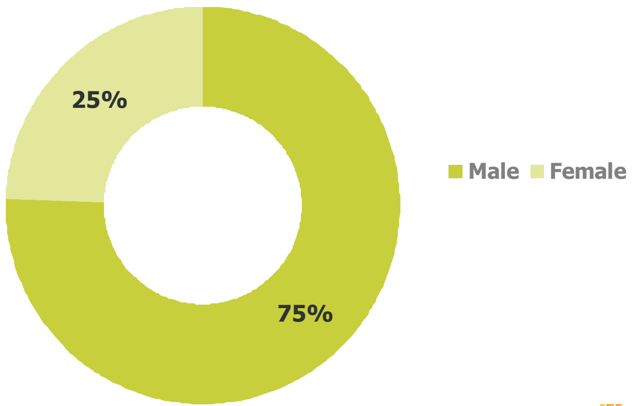
Social corporate responsibility: Much more than numbers

	2009	2010	Var.
People			
International staff	31%	36%	5 p.p
Permanent contracts	5,448	6,316	16%
Health and safety			
Frequency index (1)	4.91	4.19	(14%)
Severity Index (2)	0.158	0.127	(19%)
Environment			
ISO 14.001 Centers	46	47	-
CO2 emission reduction	27,371,550	30,979,050	13%

2010 Payroll- Geographic Distribution



2010 payroll- Gender distribution



(1) Nº of accident leaves per million hours worked

(2) Nº of work days lost due to accidents per 1,000 hours worked

(3) Absolute increase due to two new production centers and to the fixed maintenance costs of production centers

Conclusions

Aligned with the main international ethical corporate principles

Committed with the human rights and the environment

THE GLOBAL COMPACT
WE SUPPORT

United Nations Development Fund for Women
UNIFEM

EMPOWERMENT
WOMEN'S PRINCIPLES
EQUALITY MEANS BUSINESS

We've signed The Copenhagen Communiqué

CARING FOR CLIMATE:
THE BUSINESS LEADERSHIP PLATFORM

Included in the leading sustainability indexes

Dow Jones Sustainability Indexes
Member 2009/10

FTSE4Good

ETHIBEL
MEMBER OF THE ETHIBEL SUSTAINABILITY INDEXES

Member of
KLD Global Climate 100 Index
2008

cleantech INDICES LLC

S&P Global Clean Energy Index

Global Challenges Index

SB20
The World's Top Sustainable Stocks

Gamesa

Questions & Answers

Muchas gracias

Thank you

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ACTIVITY REPORT

Madrid, 24 February 2011

Results Presentation

January-December 2010

GAMESA SHORTENS THE PRODUCTION TO DELIVERY AND COLLECTION CYCLE IN Q4 TO MAXIMIZE THE NET FREE CASH FLOW GENERATION AND UNDERTAKE THE 2011- 2013 BUSINESS PLAN FROM A SOLID FINANCIAL AN OPERATIONAL POSITION

2010 Highlights – GAMESA consolidated group

Gamesa Corporación Tecnológica[1] ended 2010 with € 472 million[2] of net free cash flow due to strict cost controls and tightly aligning manufacturing with the delivery schedule. The Wind Turbine division[3] sold 2,405 MWe and attained an EBIT margin of 4.9%, while a recovery in the sale of wind farms in 2010 enabled Gamesa Energía to break even[4] in terms of EBIT, i.e. meeting the goals to which the Group was committed.

Group revenues totalled € 2,764 billion, i.e. less than the 2009 figure, as a result of the company's decision to adjust **manufacturing to project delivery schedules** and of the **impact of the financial crisis** on demand in 2009 and the **knock-on effect on industry activity in the first half of 2010**.

The policy of aligning manufacturing to the delivery schedule, and advance payments coming from projects connected to incentives programs for investment in renewable energy (ARRA Section 1603[5]) in the US enabled Gamesa to reduce the **group's working capital/revenues ratio to 16%**, well below the level to which the company committed at the beginning of the year.

Positive results from implementing the PMC 500 cost improvement plan **enabled the Wind Turbine division to attain a 4.9% EBIT margin in 2010**, i.e. within the committed range of 4.5%-5.5%, despite a high level of competition in the market. Additionally, the recovery in the development and sale of wind farms in 2010, when 593 MW were delivered, enabled Gamesa Energía[6] to break even in EBIT, having generated € 10 million in EBIT in the second half of the year. As a result, **consolidated EBIT amounted to € 119 million, equivalent to** 4.3% of the Group's sales.

The steady recovery in demand during the year and the commercial expansion strategy implemented by Gamesa at the end of 2009 led to **an order book of 1,414 MW[7] at 2010 year-end,** i.e. 25% more than at the end of 2009 **and representing 48%[8]** coverage of our sales guidance for 2011.

Gamesa Corporación Tecnológica **ended the year with a net cash position of € 210 million after generating € 472 million during the year.** The strong balance sheet and fulfilment of the 2010

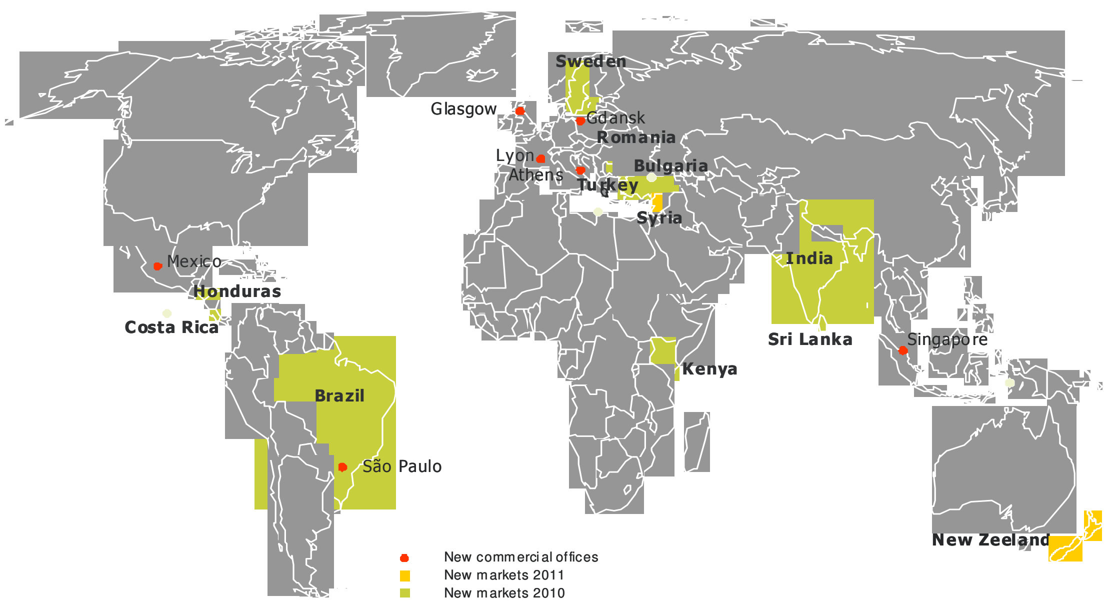
[1] Gamesa Corporación Tecnológica manufactures wind turbines and develops, builds and sells wind farms
[2] Net free cash flow=Operating cash flow +▼/-▲ working capital +▼/-▲capex
[3] Wind Turbine division + Holding Company
[4] Gamesa Energía attained € 0.02 million in EBIT in 2010.
[5] ARRA (American Recovery and Reinvestment Act 2009).
[6] Gamesa Energía is the division of Gamesa Corporación Tecnológica that focuses on developing and selling wind farms
[7] Backlog of firm orders for delivery in 2011 in the Wind Turbine division.
[8] Coverage of sales calculated on the average of the annual range committed for the Wind Turbine division (2,800-3,100 MWe)

objectives place the company in a solid position, in operating and financial terms, to undertake the business plan 2011-2013 in a context of a steady recovery in demand.

Steady progress in the commercial expansion strategy

In 2010, the Group expanded its commercial efforts into new countries and market segments, with the result that Gamesa entered **10 new countries and diversified its portfolio with more than 20 new accounts**, including utilities, IPPs, financial investors and industrial groups. Notable results of the commercial strategy are the signature of contracts with two new customers (IPPs in the US and China) in the fourth quarter of the year. In the US, Gamesa signed two contracts to supply G9X-2MW wind generators to Western Wind: 120 MW for the Tehachapi Pass (California) wind farm, and 10MW for a wind farm in Kingman (Arizona). In China, the company signed a contract to supply a total of 105MW of the G58-0.85 MW model to Henan Weite.

During the year, Gamesa strengthened its sales network by opening offices in Glasgow, Lyon, Athens, Gdansk, Mexico City, Sao Paulo and Singapore, hiring a total of 50 people.



Adjusting capacity to demand

In 2010, Gamesa began the tailoring of production capacity to demand**, developing new production and supply capacity in markets** with regulatory and tariff systems or economic plans that are favourable for the development of wind power over the long term and which, therefore, have **greater growth prospects**. The better demand projections are also supported by strong rates of economic growth and lower levels of electrification in several of those regions. The investments in China, India and Brazil were made in this context. During 2010, Gamesa began **reducing capacity in Spain** by closing the Alsasua plant (G52-850kW blades), cutting capacity at Somozas (G90-2MW blades) and implementing temporary redundancy plans at another three plants, while converting capacity to produce new products (G10X-4.5MW) and for expansion of the large repairs business.

Gamesa China completed the plan for industrialisation of the G9X-2.0MW wind turbine in 2010. Following adaptation of the Chinese plant to assemble nacelles and generators and reaching agreements with strategic partners in the region for the supply of blades and gearboxes, **Gamesa ended the year with 1,000 MW of local capacity for two product platforms: G5X–0.85 MW and G9X–2 MW**. The success of the 2MW platform is evident in the fact that this new product accounted for 56% of total sales in China in 2010. After completing industrialisation of the G9X-2MW, Gamesa began installing two new nacelle assembly plants (500 MW capacity each) in the Jilin and Inner Mongolia regions to better serve demand in those two regions; the plants will be ready in 2011.

Gamesa continued the strategy of joint development agreements with large Chinese electric utilities, having signed a total of 2,426 MW[9] by 2010 year-end. Under those agreements, wind farms (total capacity: 256 MW) were commissioned in the Shandong, Liaoning and Inner Mongolia regions in 2010.

The process of **industrialisation in India** that commenced with start-up of the first production plant in Chennai in 2009 (200MWof nacelle assembly capacity) **advanced much faster than expected given the need to respond to strong demand growth, and assembly capacity was close to 500MW by year-end.** By the end of the year, Gamesa had a local supply chain involving over 50 suppliers that enabled it to install 165 units of the G58-850kW model during the year.

In **Brazil**, Gamesa has begun construction of a **nacelle assembly plant in the state of Bahia with 300MW** capacity; the plant will be completed in 2011. This investment commitment is linked to progressive development of the wind power business in Brazil, where Gamesa landed a contract in the second half of 2010 to supply 42MW (G87-2MW) to Inveravante and has signed an agreement to develop 9 wind farms for Iberdrola Renovables with a total capacity of 258MW (G9X-2MW).

Product portfolio optimisation and offshore development

In 2010, Gamesa continued working to optimise the product portfolio with the installation of the second prototype of the G10X-4.5 MW and the launch of a new family of products in the 2 MW platform. The second G10X-4.5 MW prototype includes the Innoblade® segmented blade, Concretower® hybrid tower and the new Compactrain® compact drive train; these innovations are aimed at minimising the cost of energy by reducing logistics and O&M expenses and increasing the wind generator's availability and reliability. In the second half of the year, sales commenced of the G97-2 MW turbine, designed for Class III, with a swept area that is 16% greater than that of the G90-2 MW, currently for Class III, thereby increasing energy production by almost 14% and also providing a better, quieter aerodynamic design.

Gamesa continued to progress with its offshore development plan by signing an agreement with Northrop Grumman Newport News Shipbuilding for joint development and commissioning of the prototype G11X-5MW in the US in the second half of 2012. The alliance combines Gamesa's experience and know-how in multi-MW technology with Northrop Grumman's expertise in logistics of heavy loads, performance and reliability systems, and marine technology applications.

Regulatory support in key markets

Although the weak macroeconomic situation impacted the development of the regulatory framework for renewable energy in Europe and the United States in 2010, the year ended with clear government support for wind power in the main regions.

- **China**: The Chinese government is working on its next five-year energy plan (2011-2015) in which wind power will continue to be a strategic priority; a goal of 150 GW of wind capacity is being considered for 2020. The plan is expected to be published in March 2011.

- **USA**: On 16 December 2010, the period for applying for Treasury Grants under section 1603 of the American Recovery and Reinvestment Act (ARRA) was extended to December 2011. The extension will enable independent power producers that missed the first round of subsidies (Q4 2009) to develop their project portfolios. The United States has yet to draw up and approve a Federal Energy Act.

[9] Total agreements signed from adoption of the strategy of joint development agreements (2009) through December 2010.

- In **Europe**, the governments of the **European Union Member States have presented their National Renewable Energy Action Plans (NREAP) to attain the 20/20/20 target**[10]. The regulatory volatility experienced in southern Europe in the second quarter of the year culminated with the approval of measures to support orderly development of renewable energy in the short and medium term, although plans to guarantee long-term development remain to be defined.

    - **The Spanish government promulgated in law (RD 1614/2010) the agreement reached with the wind power industry** in July 2010 which maintained the fixed tariff and temporarily reduced the system of premiums (a 35% reduction in the premium cap until 2012) set out in RD 661/2007. Additionally, collection of the premium was capped at 2,589 hours, provided that Spain's wind power fleet averaged more than 2,350 hours. Spain also approved RD 1565/2010, which regulated the payment of a premium similar to that under RD 661 for wind farms classified as experimental (160 MW by the end of 2012). A regulatory and tariff framework has yet to be defined for wind farms that are commissioned in 2013 and beyond.

    - In **Italy**, **the bill on green certificates maintains the obligation for the national electricity regulator (GSE) to purchase surplus certificates until 2015**. Pending approval is a long-term regulation to replace the current system of green certificates with a system of premiums for renewable energy output (FiT).

- Since 2009, **Brazil** has had a system of competitive bidding in place of the pre-existing system of premiums (PROINFA). In December 2009, ANEEL held a tender for 1,800 MW of wind capacity in 71 wind farms to be developed by the end of 2012. The second auction (1,500 MW of wind capacity) took place in August 2010, and there will be a third auction in 2011, involving natural gas-fired plants in addition to renewable energy plants.

- **India** has a complex system of support involving national and state-level incentives, some of which are mutually exclusive. Late in 2009, the Indian government approved a premium of 0.5 rupees/kWh for renewable energy output (GBI), on top of the various states' feed-in tariffs, but this premium is not applicable to wind farms taking accelerated depreciation. The abolition of the accelerated depreciation system was approved in 2010 (to take effect probably in March 2012); in its place, a market of green certificates (REC) was established; the certificates can be traded in several states, the goal being to foster a national market in renewable energy in place of the existing fragmented situation. This system came into force in January 2011.

[10] 20% of power from renewable sources and a 20% reduction in greenhouse gas (GHG) emissions by 2020 with respect to 1990 levels.

Wind Turbines

Key factors

In 2010**, Gamesa managed its income statement and balance sheet effectively, enabling it to attain the goals to which it committed in July and end the year with a solid financial position**.

Gamesa's Wind Turbine Unit ended 2010 with:

- **2,405 MWe of wind turbines sold (**2010 guidance: 2,400-2,500 MW)
- an **EBIT margin of 4.9%** (guidance: 4.5% -5.5%)
- and a **working capital/revenues ratio of -1%**, well below the guidance of 20% due to aligning manufacturing with deliveries, strict cost controls and a recovery in demand.

There was a notable 11% increase in MW delivered in 2010, and **deliveries reached a record** 2,147 MW in the second half of the year, reflecting a change in trend.

Additionally, **Gamesa signed contracts for a total of 1,996 MW in the second half of 2010**, confirming the recovery of demand and the success of the commercial expansion strategy introduced late in 2009. At the end of 2010, Gamesa had an order book of **1,414 MWe for delivery in 2011**, which lends visibility to the company's performance in the next year (48% coverage of the average MWe sales guidance for 2011).

For the first time in 20 years, **the global volume of new installed wind capacity shrank in 2010 (c. -7%)** as a result of the weak economic recovery as well as difficulties in the financial markets and their impact on regulatory commitments to renewable energy.

- **In the US, the pace of installations halved with respect to 2009** as a result of the delay in approval of a federal energy act and the low price of gas. In December 2010, the system of Treasury Grants for renewable energy projects under section 1603 of the American Recovery and Reinvestment Act was extended to December 2011.
- **Demand in Spain came to a standstill due to the entry into force of the pre-assignment register** in 2009**, the uncertainty about application of the special regime (RD 661/2007)** in 2010 **and the lack of a regulatory framework for wind projects after 2013**. As a result, the volume of installations in Spain fell 38% in 2010 with respect to 2009 (to the lowest figure since 2003).[11]
- In contrast, **installations surged strongly in such countries as China, India, Brazil and the north of Africa in 2010**.

Gamesa responded to this situation by advancing its internationalization strategy, moving into new markets and landing new customers while **focusing on financial soundness and profitability**, which enabled it to generate € 420 million in net free cash flow[12] (Wind Turbine division).

[11] Spanish Wind Association—Asociación Eólica Española (AEE)
[12] Net free cash flow = Operating cash flow +▼/-▲ working capital +▼/-▲capex (excluding dividends paid between divisions)

The Wind Turbine Division's activity in 2010 can be broken down as follows:

(MW)	2009	2010	% chg.	Q4 2010	Status
MW delivered to customers	**2,418**	**2,685**	+11%	**1,009**	Handover of ownership to customer, in wind farm, or factory; Invoiced
+ Variation in MWe available Ex Works	**+410**	**-142**		**+358**	Variation in stock of WTG available for delivery to customer; Invoiced Ex Works
+ Variation of MWe Work in Progress	**+317**	**-138**		**-562**	Variation in the stock of WTG not available for delivery to customer; Not invoiced
MWe sold	**3,145**	**2,405**	-24%	**805**	

Despite the lower volume of activity in 2010 due to the policy of controlling inventory and optimising working capital, **Gamesa delivered 2,685 MW to wind farm sites, i.e. 11% more than in 2009**. The company beat its own **record in the second half of the year** by delivering 2,147 MW, which confirms the recovery in deliveries. As Gamesa had predicted, there were strong seasonal fluctuations during the year, and **80% of deliveries were concentrated in the second half**.

Additionally, **MWe available Ex Works and WIP varied by -204 MWe in the fourth quarter of 2010 and by -280MW in the full year** as a result of the rapid pace of assembly in the fourth quarter in Europe and despite bringing forward production to fulfil commitments made to US customers for 2011. These commitments are connected with the need to fulfil the requirements for Treasury Grants under ARRA Section 1603.

The geographic breakdown of sales in 2010 shows the success of the internationalization strategy; foreign markets increased their share of sales to 93%, from 73% in 2009.

There is a growing **contribution from sales in the main growth areas**:

- **China's share of the group's total sales** rose to 28%, from 15% in 2009.**The G9X-2MW platform was successfully introduced into China** and accounted for 56% of total sales in that country in its launch year

- **India accounted for 8%** of total sales in the first year of operation, i.e. close to 200 MW, which is almost 100% of the total available production capacity during the year.

- **The US continues to gain in share of total sales**, accounting for 28% in 2010, up from 15% in 2009 despite the sharp decline in installations in the US market during the year.

Geographical breakdown of wind turbine sales (MWe)	2009	%	2010	%
Spain	857	*27%*	168	*7%*
US	478	*15%*	678	*28%*
China	479	*15%*	664	*28%*
India	16	1%	196	*8%*
Rest of Europe	994	*32%*	523	*22%*

Rest of world	321	*10%*	176	*7%*
TOTAL	**3,145**		**2,405**	

The product mix in 2010 reveals that the G9X-2MW platform expanded to account for 71% of total sales, compared with 66% in 2009. The G5X-0.85MW platform accounted for 24% of total MWe sold, with MADE representing 5%.

Wind Turbine Division Results 2010

The continuing focus on cost optimisation plans and on financial soundness enabled the Wind Turbine division to attain positive cash flow in 2010 despite the reduction in sales (MWe sold down 24% with respect to 2009), and it attained a **solid EBIT margin of 4.9%.** Additionally, close alignment between production and deliveries, strict cost controls and the recovery in firm orders in the second half of 2010 (1,996MW) **enabled the division to end the year with a negative working capital/revenues ratio (-1%).**

(million euro)	**2009**	**2010**	*% Chg.*	**Q4 2010**
Sales	3,113	2,623	*-16%*	916
EBITDA	430	338	*-21%*	119
EBITDA/Sales (%)	13.8%	12.9%		13.0%
EBIT	225	127	*-43%*	35
EBIT/Sales (%)	7.2%	4.9%		3.9%
Net profit	144	64	*-56%*	14
Net profit/sales (%)	4.6%	2.4%		1.5%
Working capital	363	-27		-27
% Sales	12%	-1%	*-13pp*	-1%
NFD	72	-405		-405
NFD/EBITDA	0.2x	-1.2x	*-1.4x*	-1.2x

Revenues fell by 16% in 2010 with respect to 2009. However, sales surged **9%** in the fourth quarter with respect to the same period of 2009, evidencing an **upswing in the second half of the year.** Also, the services unit maintained a steady pace of growth in 2010, booking € 312 million in revenues in 2010, up from € 225 million in 2009.

Consolidation of measures related to the PMC 500 cost improvement plan enabled the Wind Turbine division to attain an **EBIT margin of 4.9% in 2010 despite the lower level of activity.** Gamesa reined in its cost base using programmes to reduce material costs, implementing a lean production system at the nacelle plants, improving supply chain flexibility by certifying suppliers in new markets, and in new product platforms. However, the improvement in costs was offset by price pressure in

China (which accounts for 28% of revenues) and by partial transfer to customers of the improvements in costs and productivity**.**

Warranty provisions amounted to approximately 3.5% of Wind Turbine revenues, reflecting rapid expansion into new markets, Gamesa's sound process and product platform, and its emphasis on operational excellence.

Wind tubine´s net profit has been impacted by the following non recurrent effects:

1. The impairment of property, plant and equipment of Sistemas Energéticos Almodovar del Rio SL as of 12.5 MM EUR, due to the regulatory changes in Spanish solar energy.

2. A 15 MM EUR value adjustment to the investment in the associated society Windar Renovables SL as a result of a lower activity due to a weaker demand linked to the wind regulatory uncertainty in Spain.

Gamesa ended the year with a working capital/revenues ratio of -1%, well below the 12% ratio registered in 2009, as a result of aligning production to delivery schedules, the revival in firm orders, and advance payments collected on projects under ARRA section 1603 in the US.

As a result, **the Wind Turbine division generated € 420 million in net free cash flow in 2010 and ended the year with a net cash position of € 405 million[13] on the balance sheet.**

Gamesa continued its capex optimisation policy, keeping **capex at € 128 million**, which includes expenditure linked to building new manufacturing capacity for the G9X-2 MW in China, commencement of construction of two new plants in Inner Mongolia and Jilin, new capacity in India for the G5X turbine, and investment linked to manufacturing of the new G10X-4.5 MW wind turbine.

Wind Farms

Key Factors

The Wind Farms division saw an upswing in earnings in 2010, with EBIT of € 10 million in 2H, providing a **net positive contribution** for the year as a whole, due to the recovery in wind farm sales in Europe, the US and Latin America.

The **division controlled debt strictly in 2010** and was able to **maintain the debt with respect to 2009 after paying dividends to the Wind Turbine Division and the holding company[14]**.

Gamesa's **global wind farm pipeline (22,661 MW) at 31 December 2010** represents a competitive advantage. The company continues focusing on the development of its wind farm pipeline with a view to advancing implementation of its value realisation plan.

Wind Farm Development Stages (MW)	2009	2010	% Growth
Highly Confident	2,694	2,618	-3%
Total pipeline	**21,913**	**22,661**	**+3%**

[13] The net cash position of the Wind Turbine division's balance sheet at 2010 year-end includes the payment of € 60 million from Gamesa Energía (these dividends are not included in the definition of net free cash flow).
[14] Gamesa Energía, the division that develops and sells wind farms, paid € 60 million in 2010 to Gamesa Wind Turbines & holding company.

Gamesa had **396 MW in the final phases of construction and commissioning** at 31 December 2010, proof that **that it continues advancing development of the pipeline with greatest visibility.** The company commissioned its first wind farm in the US (38 MW) after two years of inactivity, evidencing a **recovery of the wind farm business in that country.**

Activity (MW)	**2009**	**2010**	***% Growth***
MW under Construction	187	230	*+23%*
MW commissioned	485	166	*-66%*
Total	672	396	*-41%*

Note: does not include MW in joint development agreements in China, in which Gamesa holds a minority stake.

Wind Farm division results for 2010

The Wind Farm division's results in 2010 reflect the recovery of wind farm construction and sales, with the delivery of 593 MW in 2010, of which 180 MW were delivered in the fourth quarter (92 MW had been monetised in June 2010). Gamesa entered into **new markets in 2010, including Poland (32 MW) and Mexico (20 MW), as well as contracts with new customers, such as Edison, IKEA and RWE.**

Accordingly, **the Wind Farm Development and Sales division achieved its goal of breaking even in 2010**[15]. In fact, in the last six months of 2010, the division contributed € 10 million to group EBIT (€ 6 million in Q4 2010).

The recovery of wind farm sale enabled the division to end 2010 with debt on par with 2009 levels, i.e. € 196 million, after paying 60 MM EUR of dividends to the Wind Turbine division and the holding company.

(million euro)	**2009**	**2010**	**Q4 2010**
Sales	563	432	144
EBIT	-41	0	6
Net Profit	-26	-5	7
NFD	187	196	196

[15] EBIT break-even

Gamesa Corporación Tecnológica Results 2010

The Consolidated Group's main financial figures appear below.

(million euro)	**2009**	**2010**[1]	*% Chg.*	Q4 2010
Sales	3,229	2,764	*-14%*	978
EBITDA	394	328	*-17%*	127
EBITDA/Sales (%)	12.2%	11.9%		12.9%
EBIT	177	119	*-33%*	44
EBIT/Sales (%)	5.5%	4.3%		4.5%
Net profit	115	50	*-56%*	25
NFD	259	-210		-210
NFD/EBITDA	0.7x	-0.6x	-	-0.6x

(1) The results of Gamesa Corporación Tecnológica reflect the impact in 2010 of the consolidation adjustment from eliminating sales (and the corresponding margins) from the Wind Turbine division to the Wind Farm division for which sales agreements with third parties were in the final phases of negotiation at the end of the period.

Outlook

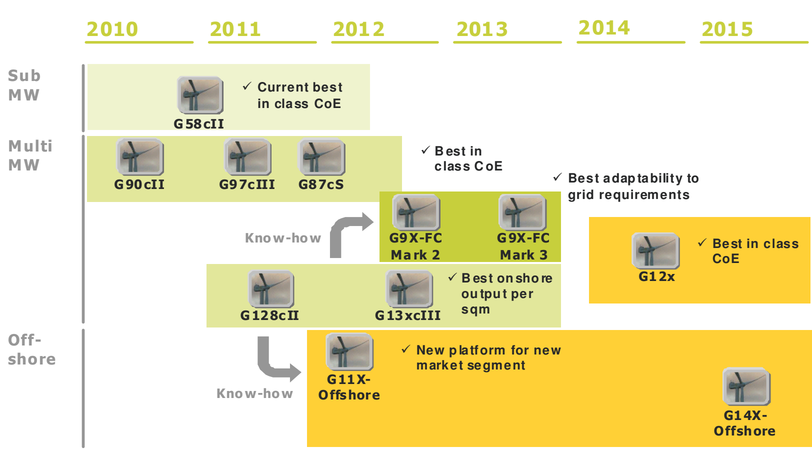
Gamesa has implemented a **3-year business plan (2011-2013) in order to strengthen its lead** in the wind power market and make it a benchmark in the industry in terms of cost of energy. This objective hinges on three vectors:

- Reducing the **cost of energy** through technological development and improving O&M services
- Maximising **growth** by expanding into new markets and segments, covering the entire value chain, from development through to O&M
- Maximising **efficiency** by launching new industrial platforms, adjusting capacity to demand, and optimising the cost structure

Industry benchmark for cost of energy

Gamesa will **work to reduce its customers' cost of energy by 20% in the next three years**, and **by 30% by 2015**. This reduction will be attained by enhancing reliability, efficiency and availability of Gamesa's present and future product portfolio. In this context, Gamesa aims to double R&D staff by 2013 and open five new engineering and R&D centres: two offshore centres: one in Virginia (US) and another more pending obtainment of funding in Glasgow (UK), and other three centres: one each in Brazil, India, and Singapore. In 2010, Gamesa expanded the workforce by 193 people and hired an additional 53 in January 2011, opened an engineering centre in Chennai (India), and commenced work on the new offshore power development centre in Virginia, which was inaugurated in January 2011. The company is also planning on opening a materials research centre in Singapore in the first half of 2011.

Gamesa will launch five new product families, including the G97-2MW, which offers a 14% performance improvement over its predecessor and will be a market leader in the 2 MW category for low wind sites (IEC III A), and the G94-2MW, both of which are in the commercial phase, and the multi-MW family of products, whose technological improvements will be rolled out in the existing product range to enhance reliability and performance. **In this way, Gamesa is positioned as the benchmark for cost of energy in both the sub-MW and multi-MW segments**

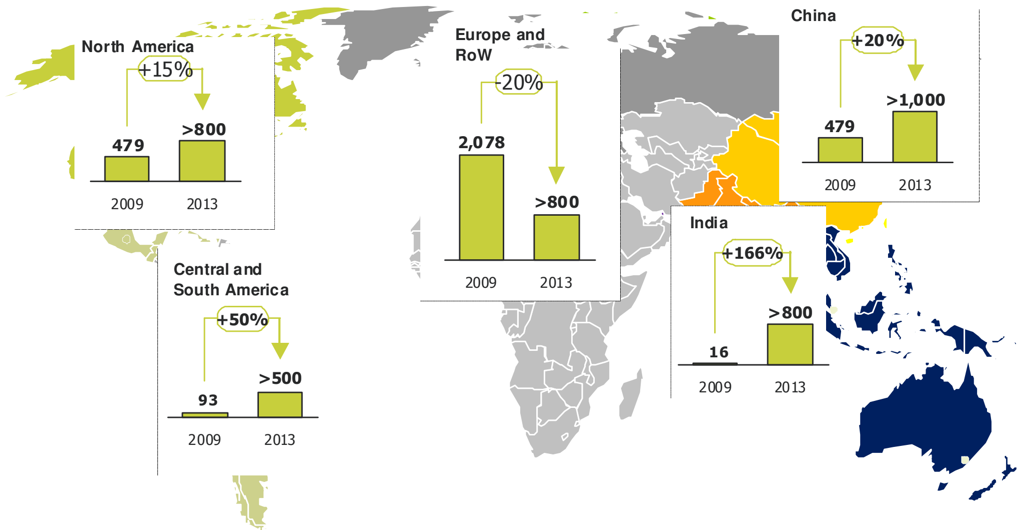


Gamesa's O&M division is playing a crucial role in reducing the cost of energy by maximising plant availability and performance and minimising servicing costs. The company is incorporating O&M expertise into product design with a view to increasing wind turbine availability and lengthening useful life. It is also reducing downtime by repairing components, managing stock, and performing preventive maintenance. With a view to reducing costs, Gamesa will provide training and certification programmes to subcontractors, and will consider performance in the turbine pricing.

Growth

As part of its expansion into new markets and segments to offset the maturity and regulatory uncertainty of its traditional markets, Gamesa entered 12 new markets including two more in the first quarter of 2011 and obtained over 20 new customers. To maintain this level of success and attain the **target of selling 4,000 MW in 2013**, Gamesa is expanding its presence on the ground by opening new sales offices (24 in total; it opened 7 in 2010), which enhance the company's understanding of customer needs and enable it to respond more rapidly to customer demand. The new commercial organization continues to design and offer customised value propositions adapted to each customer segment's specific features, ranging from large electric utilities through industrial groups and financial investors to small and medium-sized IPPs.

Gamesa sales, 2009-2013 (MWe sold; CAGR 09-13)



Gamesa Energía, the division that develops, builds and sells wind farms, is a unique asset that enables Gamesa Corporación Tecnológica to provide its customers with detailed knowledge of the entire value chain, from wind measurement to wind farm commissioning; this reduces the project risk for the customer and for the financial institution. Risk abatement is a key factor in the current market context of macroeconomic and regulatory uncertainty, and it makes **Gamesa Energía a source of significant demand, the goal being to deliver around 400 MW per year in 2011-2013**, not counting joint development deals in China (another 300 MW per year). The recovery of development and sales activity will enable Gamesa Energía to increase its contribution to the group's operating profit, with over € 20 million per year projected over the next three years.

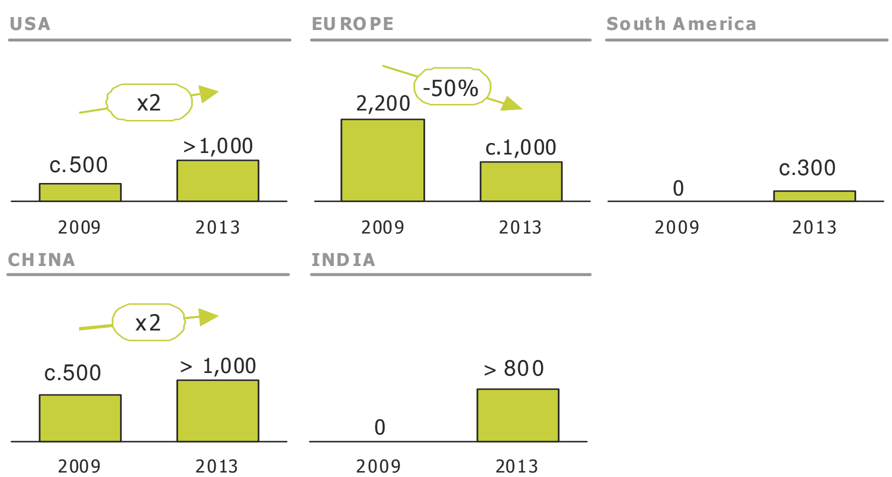
Efficiency

The change in the wind power market since the financial crisis in 2008, coupled with the slow pace of economic recovery and regulatory uncertainty, require greater efficiency from turbine manufacturers, which are operating in an increasingly competitive environment. Gamesa was one of the first companies in the sector to implement a cost optimization plan, which has saved around € 250 million since it was implemented and has enabled the company to remain profitable despite lower levels of activity.

As part of the new business plan, Gamesa will continue to implement measures to improve operating efficiency, particularly tailoring its industrial capacity to demand. Accordingly, **Gamesa plans to reduce capacity in Spain by 50%, to 1,000 MW**, with a cost of approximately € 10 million in 2011 and € 25 million in the period as a whole (2011-2013). Following the reduction of capacity[16] in 2010, in 2011 the company will convert three plants to undertake large repairs and produce new products (G10X-4.5 MW platform).

At the same time as it is rationalizing capacity in Spain, Gamesa is expanding capacity in markets with strong growth potential, such as India, where it plans to have 800 MW of capacity by 2013, and South America, where it implemented 300 MW of capacity in the same year, thereby expanding production capacity in key emerging markets. As a result, **by 2013 Gamesa will have approximately 1,000 MW of capacity in each of the key markets.**

Effective blade manufacturing capacity[1)], 2009-2013 (MW)



1) Capacity based on workforce size rather than equipment

Gamesa commenced 2011 with 500 MW in G5X-850 kW (nacelle assembly) capacity in **India**, in line with the company's goal of doubling capacity to meet the strong pace of growth in demand. The company plans to open a blade factory (300 MW of G5X-850 kW) and continue to localise the G9X-2 MW in 2012. The local supply chain plays a vital role in product localisation. Gamesa is working closely with over 50 suppliers in India to obtain a supply commitment with costs, process and product quality and deadlines which conform to Gamesa's standards.

The industrial implementation plan in **Brazil** will begin in 2011 with the opening of a nacelle assembly plant with 300 MW capacity, and the company will establish a local supply chain to obtain around 40% of materials in Brazil by 2011, c.50% by 2012 and c.60% by 2013. Gamesa will also deliver 42 MW in Brazil to the Minas de Paracuru wind farm in the state of Ceará, its first contract in the country.

2011-2013 Outlook

By implementing its business plan 2011-2013, Gamesa expects to expand MWe sales by 15% per year in the Wind Turbine Division, with an EBIT margin of 6%-7% by 2013, while maintaining a sound financial position, with a consolidated net debt/EBITDA ratio of 2.5 and a working capital/revenues ratio of 20% in the Wind Turbine division.

In 2011, Gamesa expects to achieve a sales volume in the Wind Turbine division of between 2,800 and 3,100 MWe and an EBIT margin of 4-5%, including capacity restructuring expenses in Spain (€ 10 million). Excluding capacity restructuring expenses, the company expects the EBIT margin for the

[16] Closure of the plant in Alsasua, Navarra, which manufactures blades for the G5X-850 kW (200 MW), and capacity adjustment at the plant in Somozas, Galicia, which manufactures the blade for the G9X-2 MW (cutting capacity by 300 MW)

Wind Turbine division to remain stable. Gamesa Energía expects deliveries amounting to c. 400 MW (not including joint development agreements in China), and EBIT of € 20 million.

In view of its 2010 cash flow and the company's strong start to 2011, Gamesa has established stricter guidance for 2011, reducing the limit for the group the net financial debt/EBITDA ratio from below 2.5x to below 2x, and the working capital/revenues ratio for the Wind Turbine division from a range of 20-25% **to a range of 15-20%.**

WTG Manufacturing

Windfarms Development & Sales

Gamesa

WTG	2010		Guidance 2010	Guidance 2011 OLD	Guidance 2011 NEW	Guidance 2013
MWe sold	2,405	✓	2,400-2,500	2,800 – 3,100	2,800 – 3,100	CAGR2010-13: 15%
EBIT Margin	4.9%	✓	4.5%-5.5%	4% - 5%	4% - 5%	6% - 7%
WC as % of sales	-1%	✓	c.20%	20-25%	15-20%	c.20%
Capex	128	✓	150	250(2)	250(2)	250(2)
Wind Farms						
MW delivered	593	✓	c.300 (1)	c.400	c.400	c.400
Joint promotion China	256	✓	c.150	c.300	c.300	c.300
EBIT (MMEUR)	0	✓	c.0	c.20	c.20	c.25
Net debt (EUR m)	196	✓	c.300	c.500	c.500	c.500
Group						
WC as % of sales	16%	✓	c.35%-45%			
NFD/EBITDA	0.6x	✓	<2.5x	<2.5x	<2x	<2.5x

(1) FY 2010 guidance does not include 244MW delivered to Iberdrola in Q1
(2) Includes offshore investments: EUR30MM in 2011, EUR60MM in 2013

Offshore development

After signing the strategic alliance with Northrop Grumman Shipbuilding in Q3 2010, the company inaugurated an offshore technology centre in Chesapeake (Virginia) in January 2011, staffed by 50 engineers from both companies. This team will oversee the design and development of the G11X-5.0 MW platform and will assess its prototype, with a view to installing the first of the two prototypes in the second half of 2012.

Gamesa is currently considering locations for its centres for engineering (Glasgow) and logistics and O&M (Dundee), as part of the company's offshore development plan in the UK(€ 150 million over the next 4 years). The two centres would represent capital expenditure in Scotland of close to € 50 million[17] in the coming years and create 300 jobs. Gamesa is also considering several other locations in the East coast of Great Britain as potential sites for its manufacturing facilities and consolidation of components and for project and service ports subject to the commercial development of projects in the area.

Gamesa requested that the Catalan Institute for Energy Research (IREC) set aside four positions for it to install its wind turbines in the ZÈFIR Test Station offshore wind testing plant. Gamesa aims to install two fixed platforms (3.5 km from the coast) and two floating platforms (8 km) in the ZÈFIR experimental centre off the coast of Tarragona (Spain).

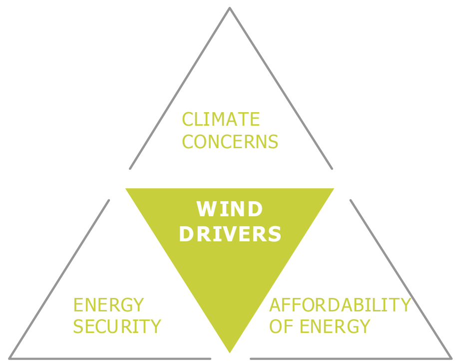
Growth outlook in the wind energy sector

The financial crisis and its impact on demand in 2009, together with the persistent weak macroeconomic scenario, negatively impacted wind energy development, which declined for the first time in 20 years, according to data from the Global Wind Energy Council (from 38.6 GW installed in 2009 to 35.8 GW installed in 2010, i.e. a decline of 7%). This decline was primarily concentrated in

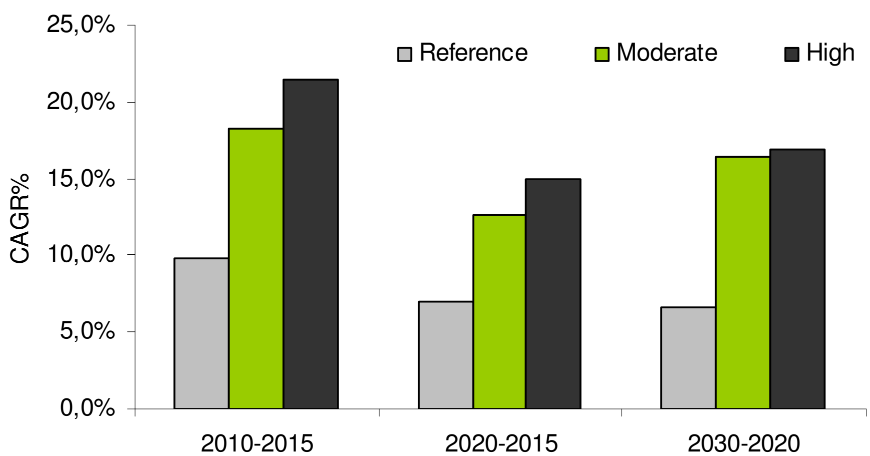
[17] Included in the € 150 million capex plan

the US (50% lower than the 2009 figure), which was affected by regulatory uncertainty and the lack of federal energy legislation, followed by Europe (-7%), where Italy and Spain were impacted by severe regulatory volatility during Q2 2010.

However, this temporary or short-term contraction does not change the industry's long-term growth fundamentals. The need to guarantee energy independence, in terms of both supply and price in, and to combat or slow the impact of climate change, ensures that the commitment to renewable energy is necessary and irrevocable.



Although the pace of recovery in the short term may be affected by the economic recovery and the approval of long-term stable legal frameworks in the US, Spain and Italy, a return to growth is already visible, evidenced by the pace of orders in the second half of the year (1,996 MW) and sales coverage at the beginning of 2011 (48%).



Source: GWEC 2010 Outlook

Conclusions

2010 was marked by a weak macroeconomic situation and regulatory uncertainty; however, **Gamesa achieved its goals for the year and reported a net free cash flow of € 472 million, due to efficient management of operations and the balance sheet,** enabling the company to undertake its 2011-2013 business plan from a **solid financial and operating position**.

The Wind Turbine division reported sales of 2,405 MWe and an EBIT margin of 4.9% in 2010, both in line with **guidance.** Moreover, the strategy of aligning manufacturing with customer orders and with delivery schedules, strict control of working capital, and the recovery in orders during H2 2010 enabled the division to end the year with a **negative working capital/sales ratio (-1%) and net cash of € 405 million.** The gradual recovery in demand plus the company's successful commercial growth strategy (1,414 MWe in orders for delivery in 2011) enabled Gamesa to start the year with **sales coverage of 48% of the guidance** of 2,800-3,100 MWe.

Following the recovery of wind farm development and sales, with the delivery of 593 MW in 2010, **Gamesa Energía returned to profitability, ending the year with a positive net contribution to EBIT after obtaining € 10 million in EBIT during H2 2010.**

Moreover, the company made notable progress with **its product portfolio and the offshore strategy in 2010.** Gamesa installed the **second prototype of the G10X-4.5 MW**, which already includes all of the final product's technological innovations, making this wind turbine a benchmark in terms of the cost of energy. It also commenced the commercialisation **of the G97-2 MW**, the first product in a new 2 MW family for low and medium winds which considerably improves on the efficiency of previous models.

Gamesa took important steps in the offshore segment in 2010, signing **a strategic agreement with Northrop Grumman** and opening an offshore technology centre in Chesapeake (Virginia, USA). The agreement brings together expertise in multi-MW technology and offshore operations know-how to develop the first offshore prototype (G11XOFS-5 MW), which will be ready in H2 2012.

As a key achievement in the multi –MW segment we have to highlight the agreement with E.ON for the delivery of the first turbines G10X-4.5MW and the installation of the first G10XOFS-5MW prototype in 2011.

The recovery in demand continues to take shape gradually, but the pace of progress in the medium term will be conditional upon approval of stable regulatory frameworks in major markets such as the US, Spain and Italy. Because of this regulatory dependence, it is necessary to reduce the cost of energy, which is one of the vectors of the company's 2011-2013 business plan. **The need to fight the effects of climate change and reduce our energy dependence in the long-term is undeniable and guarantees growth by the industry.**

Annex[18]

Financial Statements January-December 2010

Gamesa Corporación Tecnológica - Consolidated

Profit and Loss Account - Million Euro	2009	2010
Turnover	3,229	2,764
Own work capitalised	71	68
Consumption	-2,326	-1,850
Personnel	-292	-295
Other expenses	-287	-359
EBITDA	**394**	**328**
Depreciation	-99	-103
Provisions	-118	-106
EBIT	**177**	**119**
Financial result	-53	-54
Gains (losses) on disposal of non-current assets	-2	-1
Net asset impairment losses	-2	-30
Equity method gains (losses)	2	2
Profit before tax	**122**	**35**
Taxes	-7	15
Net Income	**115**	**50**

[18] Los estados financieros recogidos en el anexo se corresponden con cifras no auditadas.

Balance Sheet - Million Euro	2009	2010
Goodwill	387	387
Other intangible assets	153	167
Tangible fixed assets	417	428
Shareholdings in associated companies	52	45
Deferred taxes, net	107	173
Working capital	944	443
Total	**2,060**	**1,643**
Shareholders' Equity	1,576	1,629
Provisions for contingencies and expenses	223	231
Net financial debt	259	-210
Derivative financial instruments and others	3	-7
Total	**2,060**	**1,643**

Cash Flow – Million Euro	2010
Profit	**50**
+ Depreciation	103
+ Provisions	106
+/- Variation in provisions	-85
+/- Variation LT deferred taxes	-66
+/- Variation in working capital	501
+/- Others	20
Operating cash flow	**629**
+/- Investments	-139
+/- Others	-18
Cash flow for the period=Net free cash flow	**472**
- Gamesa flexible dividend	-10
+/- Variation in treasury stock	-2
+/- Others	8
Cash flow for the period=Net cash flow	**469**
Variation in net financial debt	-469
Initial net financial debt	**259**
Final net financial debt	**-210**

Financial Statements January-December 2010

Wind Turbine Division + Holding Company

Profit and Loss Account - Million Euro	2009	2010
Turnover	3,113	2,623
Own work capitalised	71	68
Consumption	-2,214	-1,736
Personnel	-271	-276
Other expenses	-269	-341
EBITDA	**430**	**338**
Depreciation	-98	-101
Provisions	-106	-109
EBIT	**225**	**127**
Financial result	-48	-45
Gains (losses) on disposal of non-current assets	-1	-1
Net asset impairment losses	-2	-30
Equity method gains (losses)	2	2
Profit before tax	**176**	**53**
Taxes	-32	11
Net Income	**144**	**64**

Balance Sheet - Million Euro	2009	2010
Goodwill	311	311
Other intangible assets	152	166
Tangible fixed assets	413	416
Shareholdings in associated companies	52	45
Deferred taxes, net	99	166
Working capital	363	-27
Total	**1,390**	**1,077**
Shareholders' Equity	1,092	1,237
Provisions for contingencies and expenses	221	228
Net financial debt	72	-405
Derivative financial instruments and others	-156	17
Total	**1,390**	**1,077**

Cash Flow – Million Euro	2010
Profit	**64**
+ Depreciation	101
+ Provisions	109
+/- Variation in provisions	-85
+/- Variation in long-term taxes, net	-67
+/- Variation in working capital	390
+/- Others	32
Operating cash flow	**544**
+/- Investments	-128
+/- Others	5
Cash flow for the period=Net free cash flow	**420**
- Gamesa flexible dividend	-10
+/- Intercompany dividend[19]	60
+/- Variation in treasury stock	-2
+/- Others	-9
Cash flow for the period=Net cash flow	**477**
Variation in net financial debt	-477
Initial net financial debt	**72**
Final net financial debt	**-405**

[19] Holding company recibe dividendo de Gamesa Energía (división de Promoción y Venta de Parques)

Financial Statements January-December 2010

Wind Farm Division

Profit and Loss Account - Million Euro	2009	2010
Turnover	563	432
Own work capitalised	-	-
Consumption	-547	-389
Personnel	-21	-19
Other expenses	-22	-25
EBITDA	**-27**	**-1**
Depreciation	-1	-2
Provisions	-12	3
EBIT	**-41**	**0**
Financial result	-5	-9
Gains (losses) on disposal of non-current assets	-	-
Net asset impairment losses	-	-
Equity method gains (losses)	-	-
Profit before tax	**-46**	**-9**
Taxes	20	4
Net Income	**-26**	**-5**

Balance Sheet - Million Euro	2009	2010
Goodwill	76	76
Other intangible assets	1	1
Tangible fixed assets	4	12
Shareholdings in associated companies	0	0
Deferred taxes, net	2	7
Working capital	600	498
Total	**683**	**593**
Shareholders' Equity	497	419
Provisions for contingencies and expenses	2	3
Net financial debt	187	196
Derivative financial instruments and others	-3	-24
Total	**683**	**593**

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