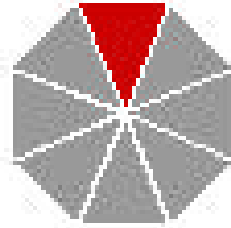
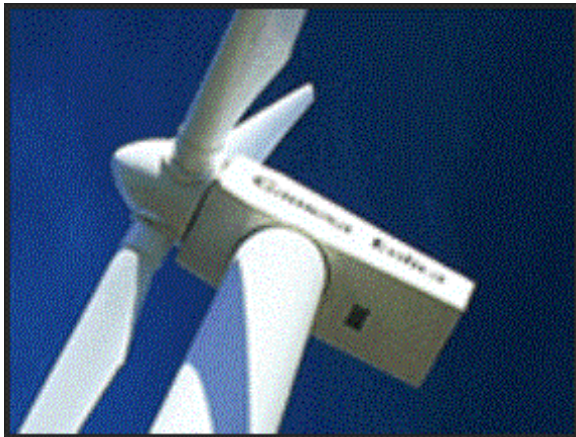


ESTRICTAMENTE PRIVADO
Y CONFIDENCIAL



Gamesa

Growing with the Wind



OCTOBER 2002

Agenda

- **The Iberdrola Transaction**
- **Gamesa's Strategic Activities**
- **The Wind Industry. Present and Future**
- **Gamesa Energía**
- **Gamesa Eólica**
- **Gamesa Servicios**
- **Financial Forecast**





Agenda

The Iberdrola Transaction

The Iberdrola Transaction

Sale of Windfarms as a Recurrent Business

 Within the Guidelines of the 2002-2004 Strategic Plan the Sale of Windfarms as a Recurrent Business was settled, since:

-  Gamesa creates Value in the Development Phase
-  Significant Gains are generated
-  Leverage is reduced (cash in plus deconsolidated debt)
-  It Generates Cross Selling opportunities for Gamesa Eólica

The Iberdrola Transaction

Typical Structure of a Windfarm Sale

- Investment : EUR 0.9 – 1.0 MM per MW
- Financial Structure (Each Windfarm = One SPV) :
 - 80% Bank Debt (Project Finance non recourse to the shareholder)
 - 10% Subordinated Debt
 - 10% Equity
- Sale of windfarms: GAMESA sells the shares of each SPV (Windfarm)
- Accounting:
 - Revenues = Capital Gain on the sale (Equity Value sold - Book value (initial investment + existing reserves))
 - Costs = 0
 - EBITDA = Revenues = Net Income (no depreciation, no financials, no tax)
 - Net Income is increased by the reverse adjustment of intercompany sales (G. Eólica and G. Servicios to G. Energía)
- Cash Flow
 - Cash in = Equity Value + Subordinated Debt
 - Debt Reduction = Cash in + PFI Debt (deconsolidated from SPV)

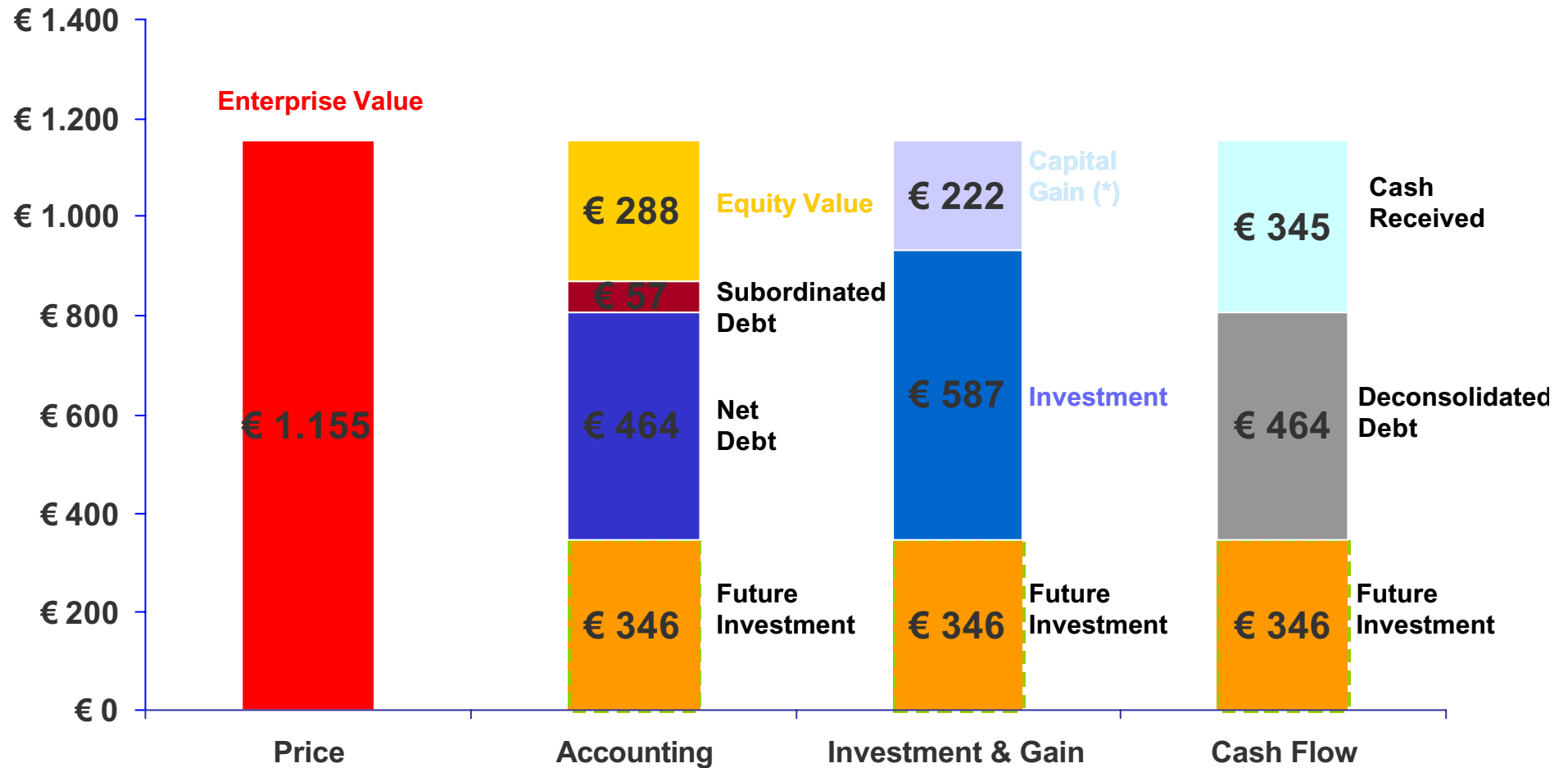
The Iberdrola Transaction

Main Details

-  **The transaction splits in 3 different steps:**
-  **Step 1. Sale of 982 MW**
-  **Step 2. Frame Agreement for 1,100 MW of WTG**
-  **Step 3. Agreement for Codevelopment in Certain Regions**

The Iberdrola Transaction

Step 1. Sale of 982 MW



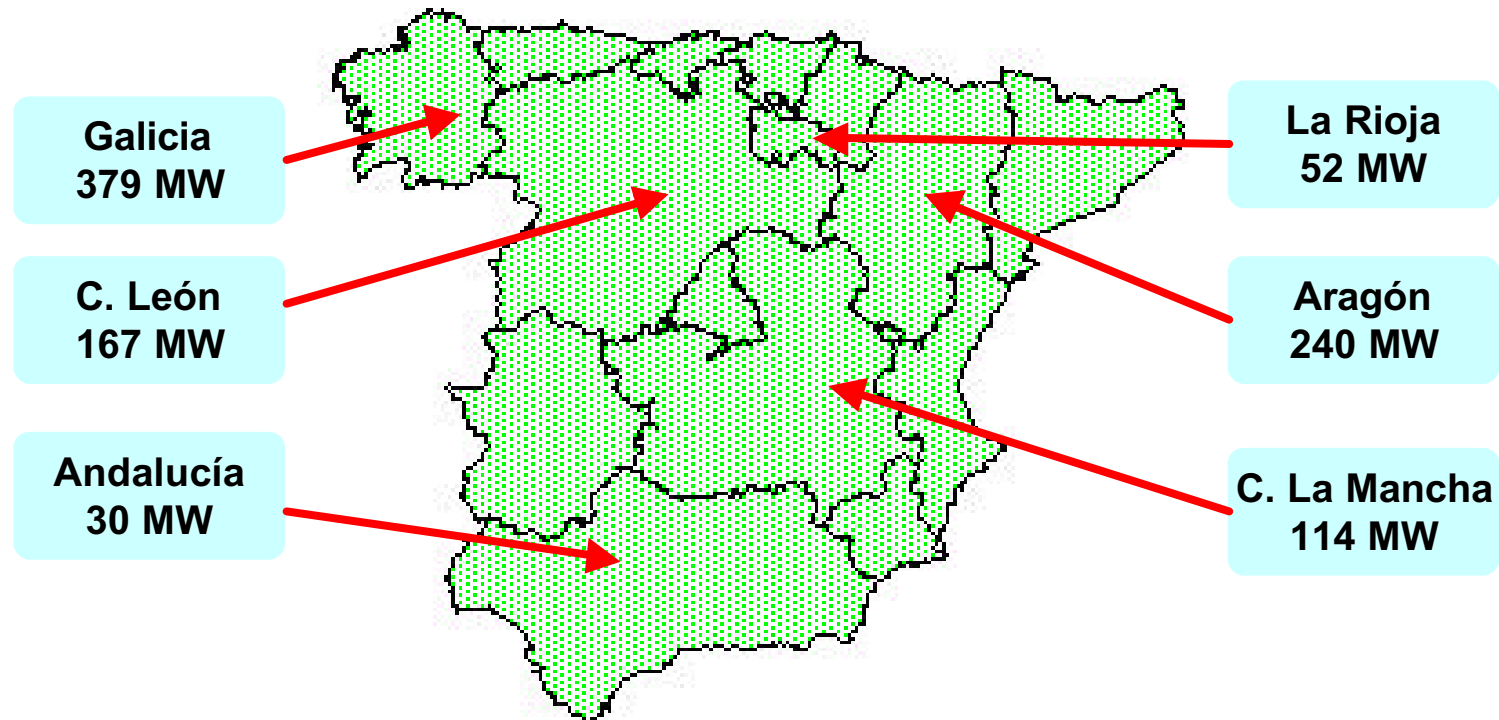
(*) Final Price depending on final performance of future windfarm

(*) Reverse adjustment of Eur 18 MM of intercompany sales not included

The Iberdrola Transaction

Step 1. Sale of 982 MW

 Location of Windfarms: Spain (mainly Galicia and Aragón)



The Iberdrola Transaction

Step 2. Frame Agreement for 1,100 MW of WTG

-  **WTG for other Iberdrola Windfarms**
-  **Estimated deliveries**

Iberdrola - Gamesa Eólica Frame Agreement				
WTG Deliveries	2003	2004	2005	2006
MW	500	300	150	150

-  **Location of windfarms: Spain**

The Iberdrola Transaction

Step 3. Codevelopment Agreement

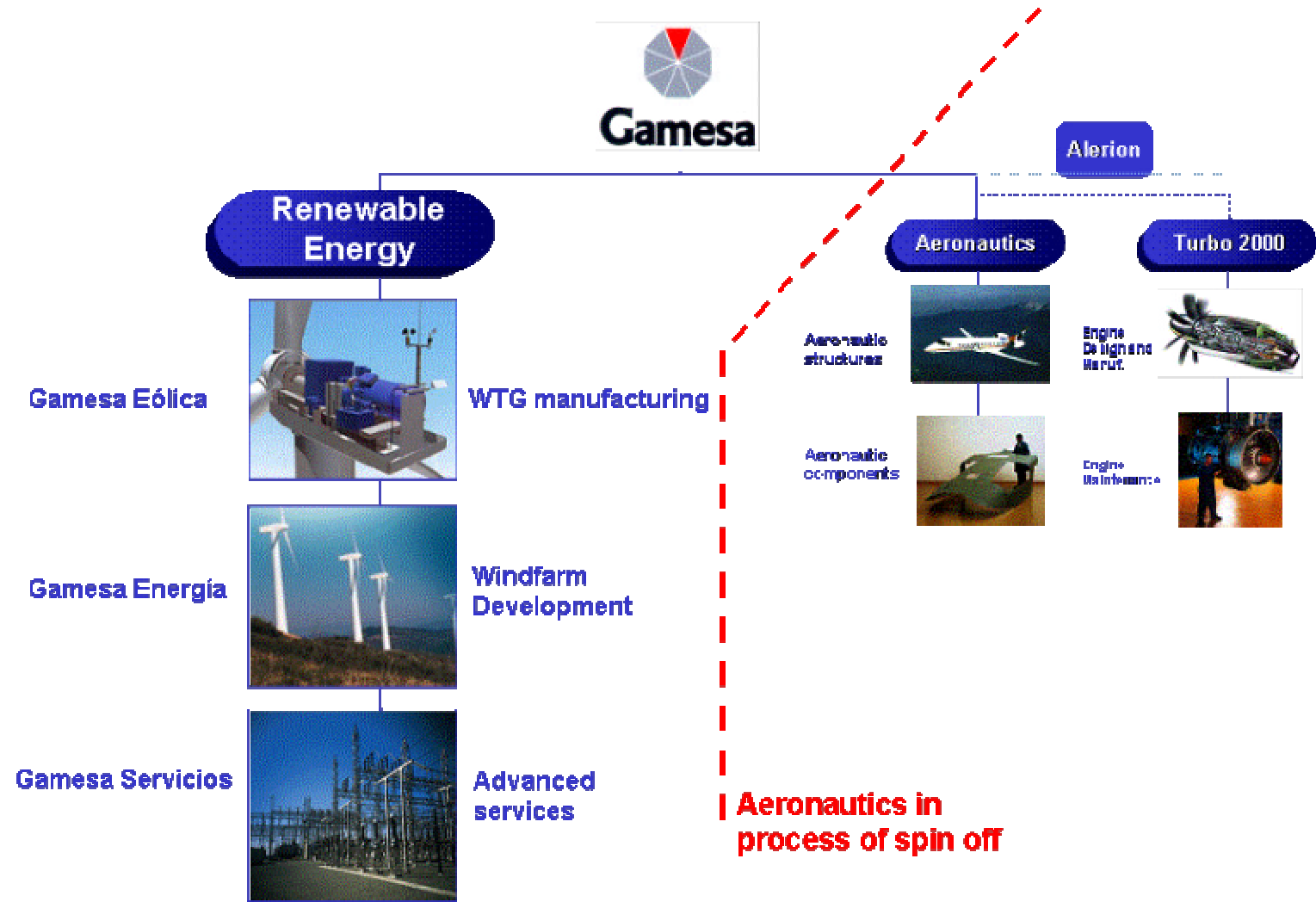
- Shareholder Structure:
 - 60% Iberdrola / 40% Gamesa
- International Codevelopment:
 - France, Benelux, UK, Ireland, other
- Domestic Codevelopment:
 - Iberdrola Regions (C. La Mancha, C. León, La Rioja)
- Important synergies in development (increased success ratio)
- Ensurance of WTG sales
- Possibility to sell stakes once installed

Agenda

Gamesa's Strategic Activities

Gamesa's Strategic Activities

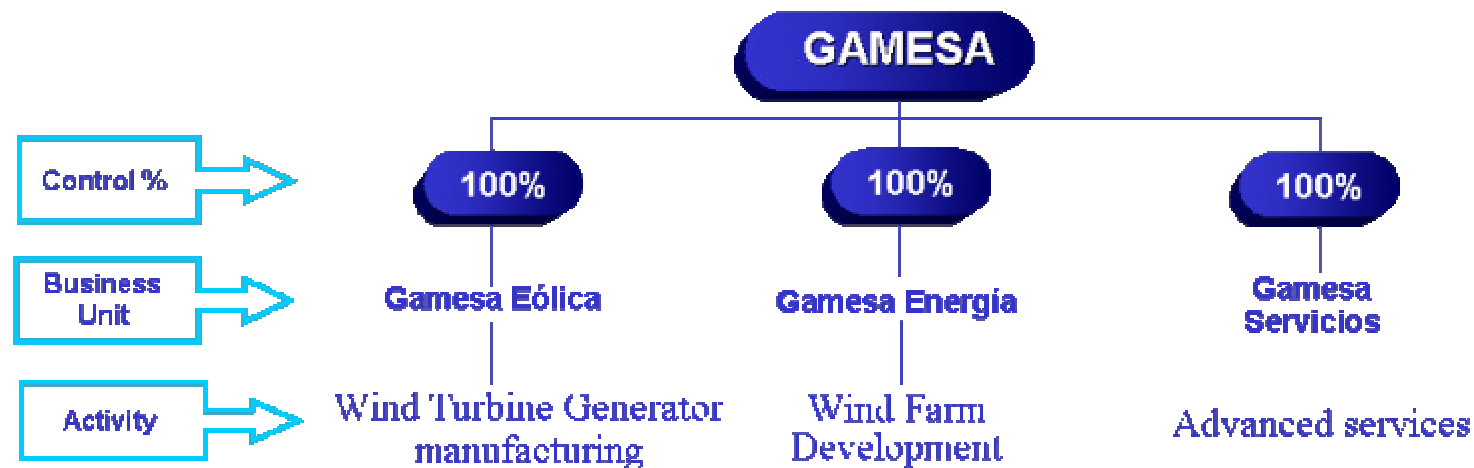
Business Units



Gamesa's Strategic Activities

Renewable Energy. Business Units

Gamesa operates in the renewable energy business, mainly wind power, through three operating units



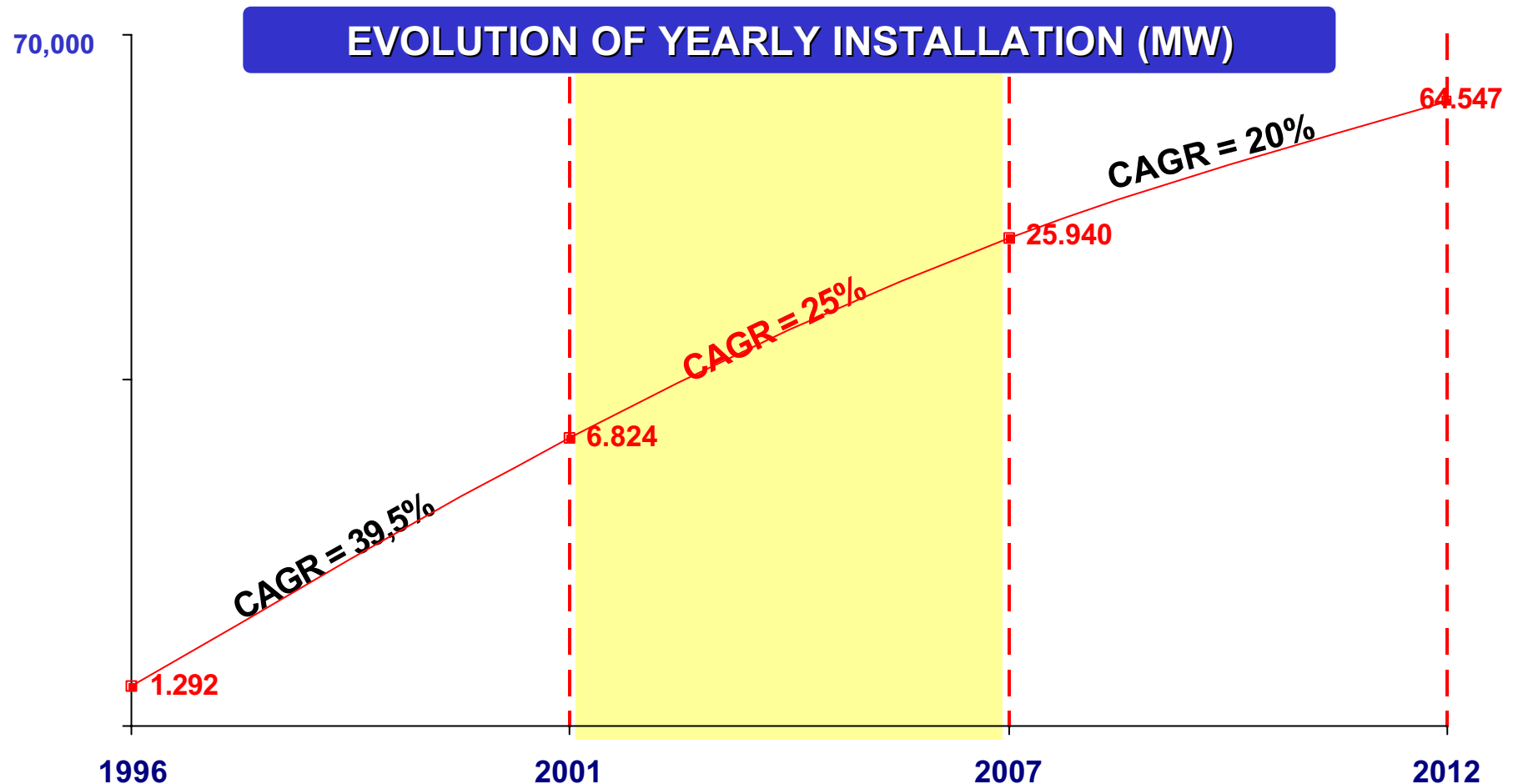
Gamesa is involved in the entire wind power cycle

Agenda

The Wind Industry. Present and Future

The Wind Industry. Present and Future

Past and Future Growth



THE WIND INDUSTRY: THE INDUSTRIAL ACTIVITY OF HIGHEST GROWTH SHORT AND LONG TERM

The Wind Industry. Present and Future

Market Distribution 2001-2005

Area		2001	2002	2003	2004	2005
Europe OECD	MW	4.527	5.330	6.277	7.363	8.600
	%	66%	63%	59%	55%	52%
USA / Canada	MW	1.745	2.142	2.639	3.249	4.000
	%	26%	25%	25%	24%	24%
OECD Pacific	MW	41	115	224	380	600
	%	1%	1%	2%	3%	4%
Asia	MW	511	708	974	1.329	1.800
	%	7%	8%	9%	10%	11%
Rest of the World	MW	0	205	512	960	1.600
	%	0%	2%	5%	7%	10%
Total	MW	6.824	8.500	10.625	13.281	16.600
? %			25%	25%	25%	25%

Source: Wind Force 12 and Company Estimates

Agenda


Gamesa Energía


Gamesa's Strategic Activities

Gamesa Energía. Windfarm Development & Sale

The Windfarm's Lifecycle

Phase	Development			Installation		Generation
Timeframe	3 to 4 Years			6 to 9 Months		20 + Years
Actions	Site Screening	Wind Measurement	Permissions	Civil Works	WTG Installation	Windfarm runs without further investment, maintenance contract signed with any services company(i.e. Gamesa Servicios)
Timeframe	6 Months	2 Years	1 Year	4 Months	2 to 5 Months	

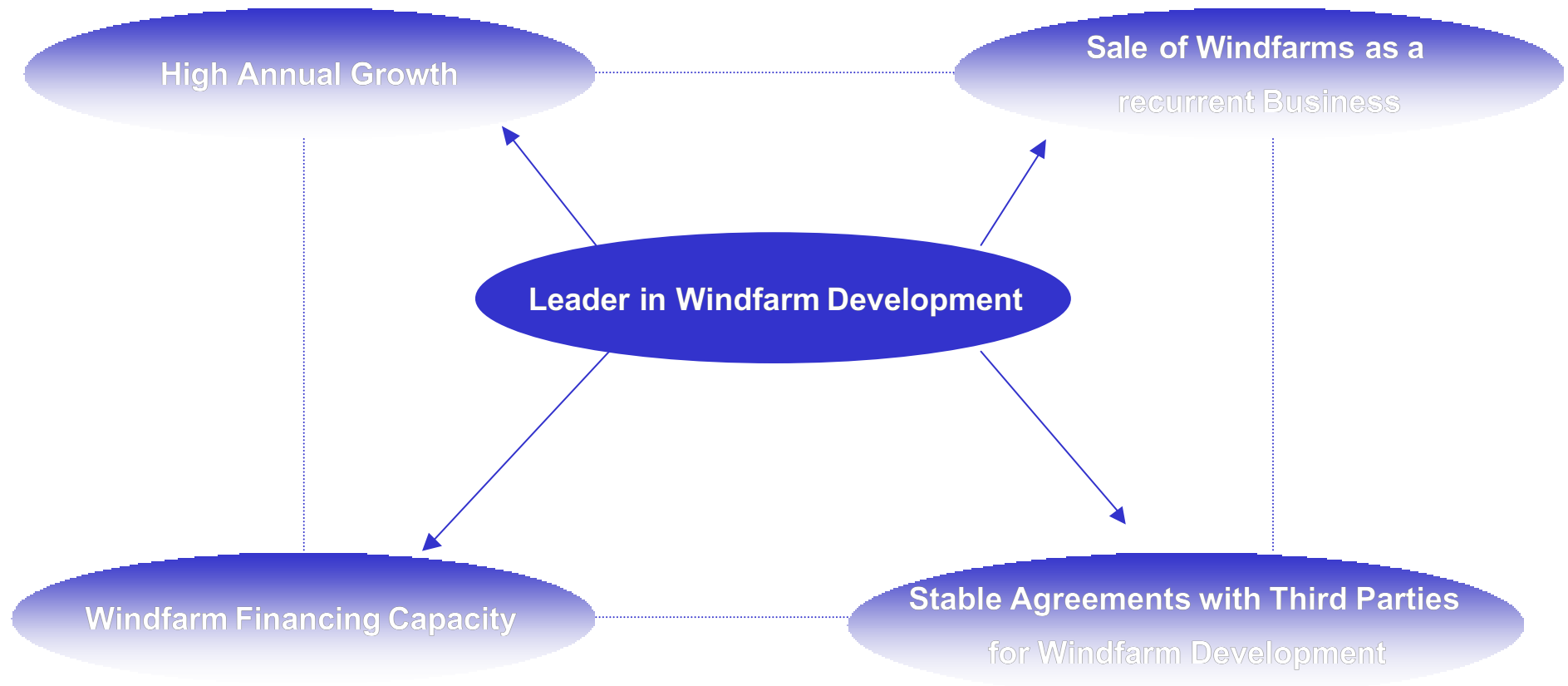
VALUE CREATION PHASES BEFORE GENERATION 

TIME 

 Gamesa Energía develops and sells windfarms once these are installed in order to maximise value creation.

Gamesa Energía

Strategic Directives



Gamesa Energía

Windfarm Development Leadership



Leader in Windfarm Development

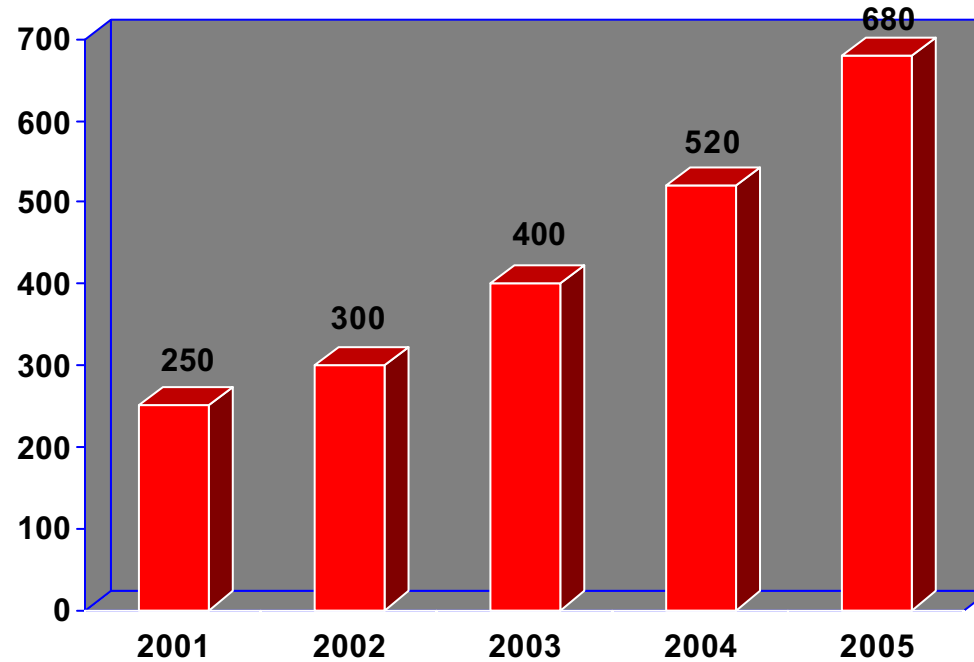
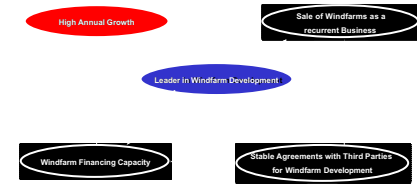


Country	Total Potential MW	Validated Speeds	Grid Conexion Rights	Working as of 31-12-02
Spain	6,680	4,535	2,243	803
Portugal	1,192	1,152	158	-
Italy	2,984	736	1,200	-
Greece	967	275	212	-
France	1,030	-	-	-
Brazil	573	140	-	-
Dominican Rep.	90	90	90	-
USA	780	50	50	-
Australia	450	-	-	-
Other	400	20	20	-
Total	15,146	6,998	3,973	803

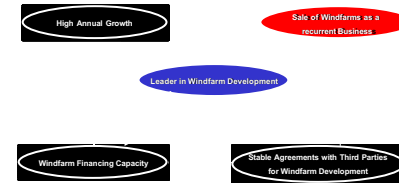
Note: 982 MW sold to Iberdrola included

Gamesa Energía

High Annual Growth



Developed MW	2001	2002	2003	2004	2005
Spain	250	300	300	300	350
International Markets	-	-	100	220	330
Developed MW	250	300	400	520	680
Total Developed MW	503	803	1,203	1,723	2,403



 Windfarm recurrent selling criteria: Windfarms developed in year t are sold in year t+1

Figures in MW	2001	2002	2003	2004	2005
Developed Windfarms	250	300	400	520	680

Windfarm Sale(*)					
- Extraordinary	-	220	-	-	-
- Recurrent	-	232	300	400	520
Total Sold Windfarms	-	452	300	400	520

Windfarms owned by Gamesa	503(**)	300	400	520	680
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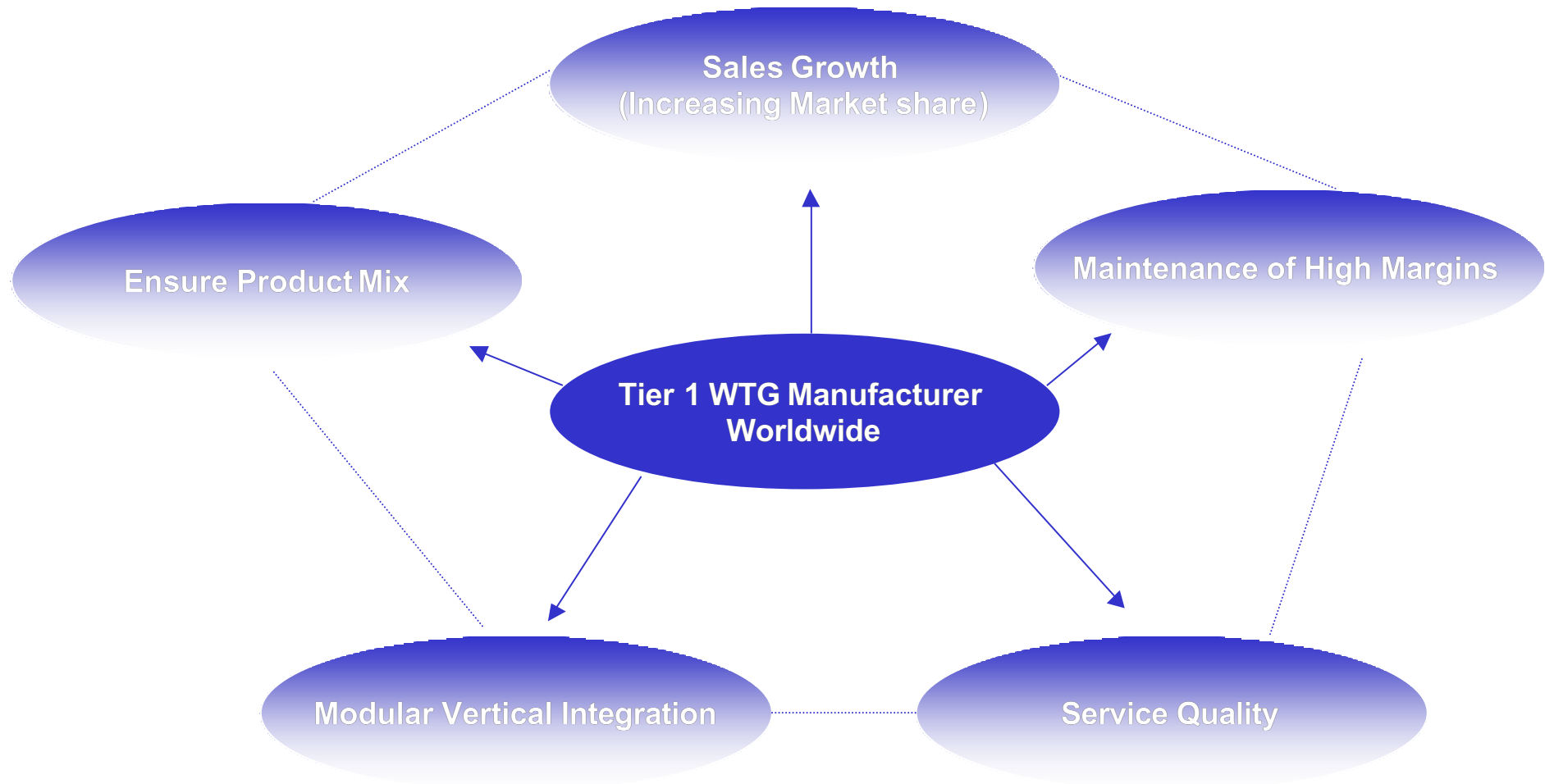
(*) Potential slide of sales possible

(**) 452 MW attributable to Gamesa

Agenda

Gamesa Eólica

Gamesa Eólica Strategy



Gamesa Eólica





Ensure Product Mix



Product Type	WTG Name	Installed Power	Delivered Units (since start)
Under 1 MW	G-47	660 Kw	2,623
	G-52	850 kW	590
	G-58	850 kW	182
Multi MW	G-80	1,500 kW	1st Unit March 2003
	G-80	2,000 kW	2
	G-90	2,000 kW	1st Unit Dec 2003

Delivered Units as of August 2002

Develop R&D Programme to:

-  Optimise Design of Current WTG
-  Improve Efficiency of Current WTG
-  Design new concepts of Key components
-  Design New Generation of WTG

Gamesa Eólica

Sales Growth (Increase Market Share)



CLIENT PORTFOLIO (MW)						
CLIENT	Total	Pending As of 31-12-02	2002	2003	2004	2005
GAMESA	-	1,600	300	400	520	680
CESA	1,000	927	73	150	150	150
EHN	1,416	650	332	250	300	100
IBERDROLA	1,510	1,180	64	500	300	230
TOTAL MW (Firm Agreement)	-	4,357	769	1,300	1,270	1,160
Other Clients	-	-	181	400	600	975
Total Potential			950	1,700	1,870	2,135
GAP			-	+ 400	+ 180	-
Budget (MW)			950	1,300	1,690	2,135
Market Share			11%	12%	13%	13%

Gamesa Eólica

Sales Growth (Increase Market Share). Sales by Country



Area		2001	2002	2003	2004	2005
SPAIN	MW	729	935	1,040	1,100	975
	%	99%	98.4%	80%	65.1%	45.6%
REST OF EUROPE	MW	6	15	100	200	420
	%	1%	1.6%	7.7%	11.8%	19.7%
USA / CANADA	MW	-	-	86	240	450
	%	-	-	6.6%	14.2%	21.1%
OECD PACIFIC	MW	-	-	54	80	110
	%	-	-	4.2%	4.7%	5.2%
ASIA	MW	-	-	20	60	130
	%	-	-	1.5%	3.5%	6.1%
REST OF THE WORLD	MW	-	-	-	10	50
	%	-	-	-	0.6%	2.3%
Total	MW	735	950	1,300	1,690	2,135

Gamesa Eólica

Maintenance of High Margins



Maintenance of Margins and Profitability above Competitors

Advantages



Challenges

-  Royalty disappears
-  Higher Prices Outside Spain
-  Modular Vertical Integration
-  Production Continuity (Visibility)
-  Substantial Growth in Revenues

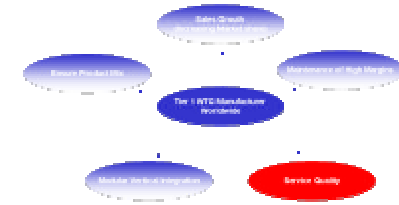
-  Transportation Costs
-  New Commercial Network
-  Increase in R&D
-  Increase in Capacity (Capex)

WTG Manufacturing Margins					
Ratio	2001	2002 (*)	2003 (*)	2004	2005
EBITDA / Sales	18 %	20 %	20 %	19 %	19 %
Net Income / Sales	9 %	10 %	10%	9 %	9 %

(*) Margins for 2002 and 2003 do not include royalties.

Gamesa Eólica

Service Quality



Join the Expertise accumulated at Gamesa Eólica and Servicios in order to:

Improve Client Service

Improve WTG and Windfarm availability

Develop a Global Service Network through:

Own Network in Key Markets (USA and Europe)


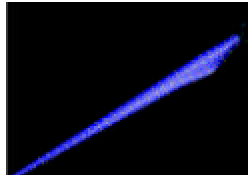

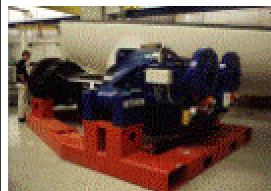
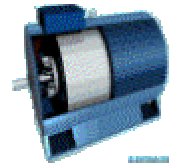



Agreements in other Markets (Australia, Japan, ...)

Avg. Historical Availability > 98%

Gamesa's Strategic Activities

Gamesa Eólica. Modular Vertical Integration






Activity	WTG Component				
	Blades	Control Software	Gearbox	Generator & Power Electronics	Tower
Design of WTG 	100% in House 	100% in House 	30% in House 	100% outsourced  Exclusive frame agreement	30% in House 
Manufacturing of WTG 	100% in House	100% in House	30% in House	100% outsourced	30% in House
Assembly & Construction 	100% in House				
Maintenance of WTG	100% in House				

Agenda

Gamesa Servicios

Gamesa Servicios

Strategic Guidelines

-  **Generate Sinergies in the Sale of WTG offering added value to the customers through turnkey projects**
-  **Improve knowledge about WTG behaviour in Real Conditions**
-  **Concentrate in Renewable Energies**

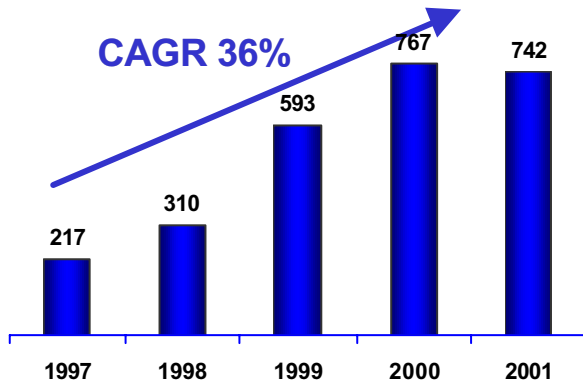
Agenda

Financial Forecast

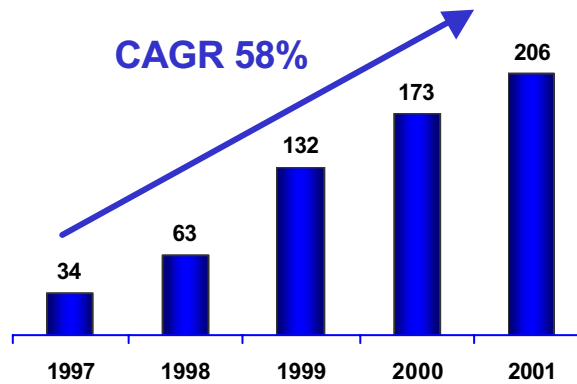
2002 Financial Forecast

Sustainable Growth

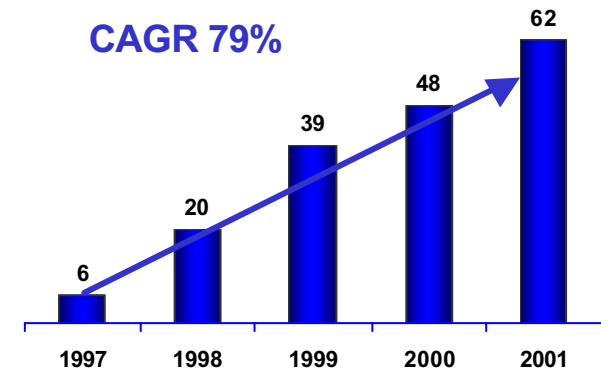
Total Revenues (€m)



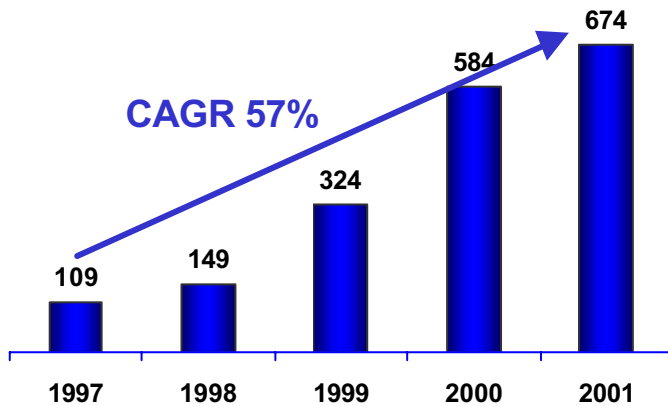
EBITDA (€m)



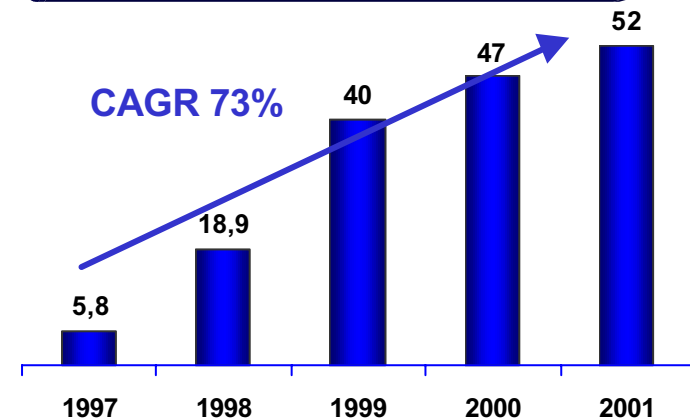
Net Earnings (€m)



Ren. Energies Revenues (€m)



Ren. Energies Net Income (€m)



Note: To make the four years comparable, all figures are based on proforma financial data

2002 Financial Forecast

Gamesa Consolidated

€ MM	2001	2002 (E)	2003 (F)
Net Income (Recurrent Activity)	62	102	133
% Growth	37%	64%	31%

Net Income (Including Extraordinary MW Sales)	62	159	133
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Note: Approximately EUR 57 MM extraordinary Income could be applied to Accelerated Goodwill Amortization

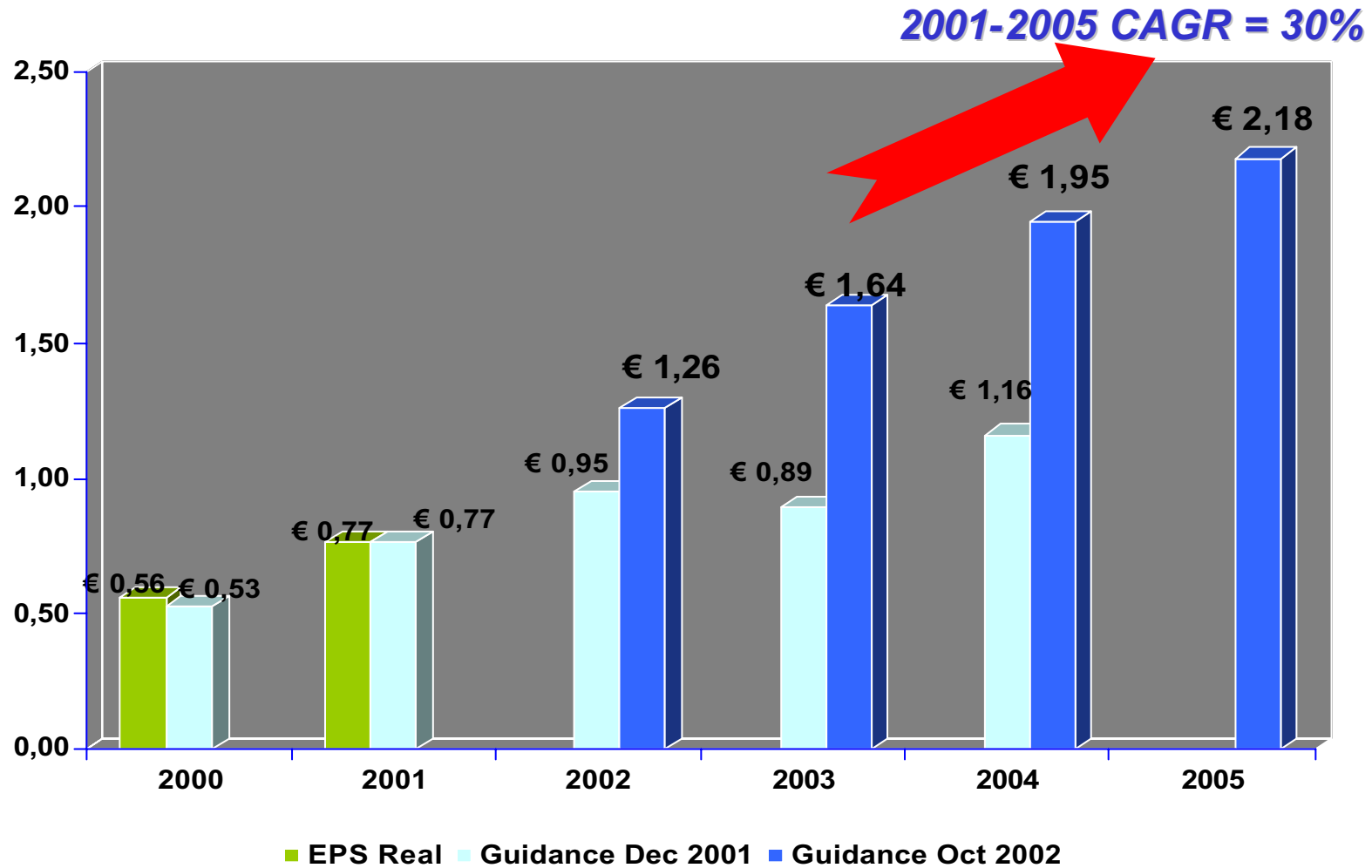
€ / Share	2001	2002 (E)	2003 (F)	2004 (F)	2005 (F)
EPS (Recurrent Activity)	0.76	1.26	1.64	1.95	2.18
% Growth	37%	64%	31%	19%	12%

Note: From 2003 onwards, Aeronautica´s contribution is not included

€ MM	2001	2002 (E)	2003 (F)
Net Bank Debt	840	489	229
Net Bank Debt/ Equity	3.26x	1.27x	0.6x





2002 Financial Forecast

EPS Forecast



Note: From 2003 onwards, Aeronautica's contribution is not included

Conclusion

-  **The Iberdrola Transaction:**
 -  Provides visibility of results 2003-2005
 -  Significantly reduces leverage
 -  Improves backlog of WTG manufacturing



Recurrent Income from
Windfarm Sale

+

Strong Growth at
Gamesa Eólica



Strong Stable Growth of Gamesa's Results

Financial Calendar

Financial Calendar		
Event	CNMV Deadline	Comments
Q3 Report	15th of November	-Only Consolidated Figures
H2 Report	28th of February	-Divisional Figures -Revision of Forecasts
Q1 Report	May	-Only Consolidated Figures
H1 Report	August	-Divisional Figures -Forecast for Next Year

Forward Looking Statement

Certain information in this presentation, including the information concerning economic and industry outlooks, prospective product developments, uses of cash and revenue and earnings forecasts, is forward-looking statements. This information is made available pursuant to the safe harbor provisions for “forward looking statements” as defined under the securities laws. Our operations, products, and markets are subject to a number of risk factors, which may cause actual results to vary materially from those anticipated in the forward looking statements. The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “forecast” and similar words are intended to identify forward looking statements.

We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. Actual results and performance could differ substantially from those anticipated in our forward-looking statements.