



10 May 2004

INVESTOR RELEASE

ONO improves debt structure

ONO, one of Spain's leading broadband service providers, today announced the successful closing of a new bond issue, the proceeds of which will be used to repurchase tendered ONO bonds. This is the first of a series of financing transactions that are planned to prepare the company for a possible public equity issue in 2005.

The bond issue, which has a maturity of ten years, was sized at €280 million, split between €100 million of floating rate notes, priced at three month EURIBOR plus a margin of 8.5%, and €180 million of fixed rate notes, priced at 10.5%. The floating rate notes are repayable at any time after their second anniversary and therefore provide the company with considerable flexibility for further debt reductions over time.

There was insufficient market demand within the price talk for the new bond for ONO to accept the 2010 bonds that were tendered and this part of the tender has been cancelled.

Commenting on the new bond issue, Richard Alden, ONO's Chief Executive Officer, said: "We are pleased to have been able to close this transaction in very difficult market conditions. The new issue allows us to lengthen debt maturities, reduce interest costs, largely eliminate foreign exchange risk and at the same time retain prepayment flexibility. We will now move on to concentrate on the refinancing of our senior bank financings as we continue to improve our balance sheet ahead of a possible public equity offering."

About ONO

ONO is one of the leading broadband services providers in Spain. It offers direct access telephony, pay television and internet access services to the residential market where it has a potential market of over seven million homes. In the business market, ONO offers advanced voice, data and value added services across its own high capacity local access and national backbone networks. ONO's principal shareholders are Bank of America, Caisse de dépôt et placement du Quebec, General Electric, Grupo Ferrovial, Grupo Multitel, Santander Central Hispano and VAL Telecomunicaciones. In February 2004, as a result of the acquisition of Retecal, the Castilla y León cable operator, the majority of the former shareholders of Retecal joined our shareholder group.

For further information, please contact:

Jonathan Cumming
Group Treasurer
(+ 34) 91 180 9444
jonathan.cumming@ono.es

Hiedra Fuentes
Grupo Albion
(+ 34) 91 531 2388
hfuentes@grupoalbion.net