



FOURTH QUARTER & YEAR 2000 RESULTS

662% REVENUE GROWTH IN YEAR 2000

392% CUSTOMER GROWTH IN YEAR TO 314,000 RGUs

Madrid – March 26, 2000

ONO/Cableuropa, (www.ono.es), Spain's leading broadband service provider, today announced its unaudited operating and financial results for the fourth quarter of the fiscal year ending December 31, 2000. Highlights are as follows:

Financial Highlights

- Year end 2000 revenues of euro 51.4m compared to euro 6.7m in 1999, representing 662% growth. Revenues grew 52% from euro 13.3m in the third quarter to euro 20.3m in the fourth quarter of 2000.
- Gross margin for the year was positive 31.0% compared to 80.6% negative in 1999. Gross margin in the fourth quarter of 2000 was 35.1% which was slightly ahead of the third quarter of the year.
- Adjusted EBITDA was negative euro 55.8m in 2000 compared to negative euro 23.3m in 1999. As expected, adjusted EBITDA increased from negative euro 14.3m in the third quarter of 2000 to negative euro 22.3m in the fourth quarter of 2000, as a result of increased marketing and selling expenses and in line with a significant increase in customer acquisitions during this period.

Strategic Highlights

- In Portugal, we acquired a licence to build communications networks and provide cable television services to 800,000 homes and 50,000 businesses in Lisbon and Porto. During the third quarter of 2000, we secured a telephony licence for Portugal which will complement the television licenses.
- We expanded our service reach, offering business telecommunications services outside our franchise areas in Madrid and Seville. In addition we gained a telecommunications licence for the province of Barcelona, amongst others.

- We expanded our internet service offering – rolling out flat rate broadband access to each of our territories, launching Spain's first, true flat rate narrowband Internet access product and Spain's first ever broadband internet portal (www.ono.com).
- We substantially expanded our financial resources, raising over euro 700 million through a mixture of additional shareholder equity, senior notes, a senior bank loan and other credit facilities.
- During the year we simplified our corporate structure and gained control of all of our operating subsidiaries in exchange for the former minority shareholders becoming shareholders of Cableuropa. Furthermore, we finalised the sale of our 20% stake in Cable i Televisió de Catalunya, S.A., providing a euro 42.9 million profit; and completed the purchase of 100% of the shares of TDC Sanlúcar, S.A., which owns and operates a cable franchise in Andalucía.

Operating Highlights

Residential Services

	<u>Quarter ended</u> <u>31.12.00</u>	<u>Quarter ended</u> <u>30.09.00</u>	<u>%</u> <u>change</u>	<u>December</u> <u>1999</u>	<u>Annual %</u> <u>Change</u>
Customers	168,237	121,495	38.5%	40,306	317.4%
Avg. monthly revenue per customer	euro 41.3	euro 39.6	4.3%	-	-
Telecommunications customers	152,115	109,405	39.0%	33,278	357.1%
Television customers	128,242	95,737	34.0%	30,237	330.2%
Internet access customers	33,977	11,369	198.9%	303	11,114%
Telecommunications penetration	24.6%	22.8%	1.8pp	18.2%	6.4pp
Television penetration	20.7%	19.9%	0.8pp	15.3%	5.4pp

Business Services

	<u>Quarter ended</u> <u>31.12.00</u>	<u>Quarter ended</u> <u>30.09.00</u>	<u>%</u> <u>change</u>	<u>December</u> <u>1999</u>	<u>Annual %</u> <u>Change</u>
Direct access customers contracted	3,381	2,078	62.7%	478	607.3%
Direct access customers in service	3,053	1,879	62.5%	333	816.8%
Avg. monthly revenue per customer	euro 142	euro 155	(8.4%)	-	-

Infrastructure

	<u>Quarter ended</u> <u>31.12.00</u>	<u>Quarter ended</u> <u>30.09.00</u>	<u>%</u> <u>change</u>	<u>December</u> <u>1999</u>	<u>Annual %</u> <u>Change</u>
Cities under construction	40	36	11.1%	20	100.0%
Cities in service	31	21	47.6%	11	181.8%
Television homes passed	885,462	731,648	21.0%	364,803	142.7%
Telephone homes passed	885,462	731,648	21.0%	326,111	171.5%
Local networks (route km)	3,438	2,865	20.0%	1,242	176.8%

Commenting on a second successful full year of operations, Eugenio Galdón, ONO's President, said:

"During 2000 we grew rapidly. We also matured as a company. Operationally, we have placed significant focus on customer acquisition and market penetration while maintaining network deployment rates and this has clearly started to pay off. We added about 75% more customers in the fourth quarter than we did in any previous quarter, lifting customer penetration rates to over 27% after only two years of operations. Financially we substantially increased our capital resources, and took the brave decision in October 2000 of delaying our planned IPO. With some hindsight this has proven to be a sensible decision; we demonstrated the strength of our shareholder support and have managed to avoid the general market turbulence.

"As a result of this growth, ONO has become, in record time, the alternative to the incumbent telephony and narrowband internet access operator, a leader in the pay television market and the leader in the high speed internet access market in its franchise areas.

"We have also completed a number of important non operational milestones. During the year 2000, our shareholders approved the simplification of the corporate structure of the Cableuropa group, by means of the exchange of shareholdings by Spanish Telecommunications Limited SARL ("Spaincom") and VAL Telecomunicaciones SL ("VAL") in the operating companies in the Cableuropa group for shareholdings directly in Cableuropa SA. After giving effect to this simplification Cableuropa owns 100% of five of the operating companies and a minimum of 93% in the remaining seven. We also continue to own 100% of each of ONOLab, ONONet and ONO Portugal."

Richard Alden, ONO's Chief Executive Officer, added:

"The year 2000 has positioned ONO as *the* alternative provider of telecommunications, pay-television and internet access services in our franchise areas. After just two years of operations, more than one in four addressable customers now contract our services. In a number of cities we now have more than 30% market penetration.

"In particular, during the fourth quarter of last year the challenge for us was to increase our customer acquisition and market penetration even further, while continuing our rapid network construction. We have succeeded in both of these, demonstrating some of the true potential of this business. In the fourth quarter of the year we added 47,000 customers compared to approximately 27,000 during each of the first three quarters of the year. Not only have we grown our customer base, but we also have continued to increase the number of services sold per customer. I am also particularly proud of the fact that over 70% of our customers take more two or more services from us and that 10% have selected the full triple play.

"The triple play is a reality in ONO. Sales of internet access services contributed strongly to the underlying growth. Internet access penetration now stands at 5.5%, equivalent to close to 50% of the internet access market in the areas where we have built network and all of these customers are paying a fixed monthly fee for this service. Furthermore, on the business side, having started the year 2000 with 333 direct access customers, we now have surpassed the 3,000 mark, which is a remarkable achievement in only 12 months. Despite the general gloom and turbulence in the world financial markets these sort of results demonstrate that the broadband triple play really does work.

"The outlook for 2001 is positive operationally. We intend to continue what we are doing well, but focussing on always doing it better and more efficiently. We intend to be agile, making changes to our business model before those changes are forced on us."

Michael Vorstman, ONO's Chief Financial Officer, commented:

"Our full year results showed spectacular growth with total revenues of euro 51.4 million for the year 2000, more than 7 times those generated in 1999. We have also turned around our gross margin to positive euro 16.0 million in the year 2000, up euro 21.4 million from negative euro 5.4 million in the year 1999. Gross margin as percentage of sales improved to 31.0% in the year 2000 from a negative 80.6% in 1999.

"Our fourth quarter results include solid revenue growth – up 52% on the third quarter – and margins have remained stable at 35% in the fourth quarter. As expected, revenues per customers are recovering from the seasonal reduction in telephone and pay-per-view usage in the summer holidays seen in the third quarter.

"On November 3, 2000, our shareholders approved a capital increase of euro 250 million. We expect that the funds from this equity injection, together with the senior bank facility that we have available to us today, and the proceeds of the high yield bond issue of USD 200 million and euro 150 million that we completed in February 2001, will provide us with financing through the year 2001."

Financial results for the full fiscal year 2000 and fourth quarter

Total revenues. Total revenues for fiscal 2000 were euro 51.4m, an increase of euro 44.7m, or 662%, on the previous year. The increase was principally due to an increase in the number of customers of 128,000, an increase of 317%, and the addition of internet access services, as we built out our networks and expanded our customer base. Total revenues for the fourth quarter of fiscal 2000 increased to euro 20.3m compared to revenues of euro 13.3m for the third quarter of fiscal 2000 representing an increase of 52%. The number of direct access residential and business customers increased by 38% and 63% respectively. Internet access customers rose by 199% to 33,977 during the fourth quarter.

Residential services.

Revenues per residential customer were in line with the previous year at euro 41.3 per month on average, however over the fourth quarter they increased by 4.2%, reflecting an increase in the number of services subscribed by each customer and an increase in general consumption levels.

Residential telecommunications revenues were euro 31.1m for fiscal 2000 compared to euro 3.9m in 1999, an increase of euro 27.1m or 686%. Residential telecommunications revenues were euro 11.8m for the fourth quarter of 2000, an increase of euro 3.8m, or 47.5%, over the preceding quarter. The net increase reflects increased customer numbers and increased average monthly revenue per customer to euro 30.4 for the quarter against euro 27.7 in the previous quarter. Telecommunications penetration increased to 24.6%, an increase of 1.8 percentage points on the previous quarter.

Cable television revenues in the year 2000 were euro 15.7m compared to euro 2.7m in the preceding year, an increase of euro 13.0m or 487%, and euro 6.7m in the fourth quarter, up 70.6% from the third quarter of 2000. The net increase reflects increased customer numbers and increased average monthly revenue per customer to euro 16.1 for the quarter against euro 15.3 in the previous quarter. Cable television penetration increased to 20.7%, a 0.8 percentage point increase on the previous quarter.

Internet access revenues were euro 1.9m in fiscal 2000. The broadband internet access services were launched in Valencia in November 1999 and by the end of the first half of 2000, we had this service available in all of our franchise areas. The flat rate narrowband service was launched in June 2000. Fourth quarter revenues increased euro 66,000, up 9% on the previous quarter. The number of internet access subscribers at the end of the fourth quarter was 33,977, of which 13,459 (or 40%) were broadband. By December 31, 2000, we had also connected 20,518 flat-rate narrowband internet access customers, for a total internet customer penetration of 20.2% with respect to our total customer base.

Business services. At the end of the fourth quarter we had contracted 3,381 business customers for direct access telecommunications services, of which 3,053 customers were installed and in service, up 62% from the previous quarter and up 817% on December 31, 1999. We connected 1,174 customers during the quarter, up 500 from the last quarter. Revenues from business services increased 2,216% over the year to euro 2.7m and increased 37.8% in the quarter.

Average monthly revenues per business customer were euro 142 compared with euro 155 in the previous quarter, largely reflecting lower consumption over the Christmas period. Subsequent to the year end this figure has increased.

Cost of services consists of interconnection costs for telecommunications services and programming fees for cable television services. Gross margin for the year amounted to euro 16m, or 31% of

revenues, compared to a negative gross margin in 1999. The improvement results from increased television margins as the company's subscriber base exceeds the minimum subscriber levels included in certain programming contracts and improved interconnection terms. Gross margin generated in the quarter was euro 7.1m, an improvement of euro 2.5m with respect to the previous quarter. As a percentage of revenues, gross margin for the fourth quarter, in which we offered our customers a number of promotions and special offers related to the Christmas period, was 35.1%, up 0.2 percentage points from the third quarter. We expect to report steady improvements in this area as our subscriber base grows and as we make greater use of our backbone network connectivity for call transiting.

Selling, customer service, general and administrative expenses increased as planned in line with the general growth of the business to euro 71.8m in the year 2000 compared to euro 17.8m in 1999. In the fourth quarter these expenses amounted to euro 29.5m compared to euro 19.0m in the third quarter of the year, an increase of euro 10.5m. This expected increase, in line with the expansion of the business, was mainly due to increased marketing and client acquisition costs as we increased net customer acquisition by 70% with respect to the last quarter and as a result of advertising costs over the Christmas period. Costs of operations and maintenance of our networks and customer service costs also grew in line with the increase in the size of our networks and our customer base. We expect that these costs will continue to grow over the next quarters, but that these will stabilise toward the middle of 2001.

Adjusted EBITDA losses. Our EBITDA losses in the year amounted to euro 55.8m compared to euro 22.3m in 1999. This was in line with expectations and results from our rapid expansion. EBITDA losses increased in the fourth quarter, principally in line with increased operational costs but partially offset by higher gross margin generated, and amounted to euro 22.2m in the quarter, up euro 7.9m with respect to the previous quarter.

Soccer broadcast rights. In September 1999, we signed a four year agreement for the right to broadcast first and second division soccer matches on a pay-per-view basis. Under the terms of this agreement we agreed to pay euro 18.0m which is being amortised over the life of the contract in line with the number of games that are broadcast in each period. The total cost for the year 2000 was euro 4.8m which was in line with expectations. The cost accounted for in the fourth quarter is euro 1.4 m, euro 0.9m higher than in the previous quarter in which fewer number of games were played during the summer period.

Provisions for EVCs and Stock Options. In 1999, we issued Equity Value Certificates ("EVCs") to our bondholders in conjunction with the issuance of our Senior Notes due 2009. The EVCs entitle the holder to a cash payment equal to a predetermined percentage of the value of the ONO Group at a certain future point in time (most probably an initial public offering of shares). In addition, we have issued stock options to certain key employees and we recognise a provision for potential payments under this stock option plan in our profit and loss account.

In the year to December 31, 2000 we recognised a net charge of euro 18.2m in respect of these two items. In the fourth quarter of 2000 we made two adjustments to our provisions, reducing the provision for payments under the EVCs as a result of the recent capital increase and a reversal of the accounting made in the third quarter for a hedge of the payments under the stock option plan. During the third quarter of 2000 we hedged the liabilities under this plan. The hedge was contingent upon the realisation of our planned public offering. The postponement of our initial public offering in October 2000 has required us to recognise this liability.

Depreciation and amortisation expense was euro 35.7m for the year as compared to euro 11.6m in 1999. This increase is proportional to the increased capital expenditures for the continued construction of our telecommunications networks. The depreciation and amortisation expense for the fourth quarter of fiscal 2000 was euro 13.2m, an increase of euro 3.0m over depreciation and amortisation expense of euro 10.1m for the third quarter of 2000.

Net interest expense. Net interest expense for 2000 was euro 73.9m compared to euro 24.4m in 1999. This reflects a full year's interest expense on the senior notes due 2009 issued in May 1999 as well as a half year's expense on the notes due in 2010 issued in June 2000.

The net interest expense in the fourth quarter of 2000 was euro 23.0m, compared to euro 23.6m in the previous quarter.

Unrealised foreign exchange gains/(losses). A proportion of our debt is held in US Dollars. In May 2000 we entered into a cross currency swap to hedge our exposure to exchange rate differences on our US dollar denominated debt. Until this date we continued to recognise losses as a result of the continued strengthening of the US dollar relative to the euro, with total net losses for the year 2000 of euro 30.7m compared with a net loss of euro 19.1m in 1999.

In addition, a portion of our restricted cash balances are held in US Dollars. The strengthening of this currency against the euro led to a gain of euro 2.9m in the fourth quarter of 2000.

Extraordinary expense, net. We have included under caption the gain on the sale of our 20% holding in Cable i Televisió de Catalunya, S.A. ("CTC") of euro 41.9m, which was legally formalised during the third quarter of 2000. Against this profit we have amortised the costs of euro 15m associated with our planned initial public offering which was postponed during the year. Furthermore we have amortised assets in our Santander franchise amounting to euro 4.5m which are no longer in use as that network is now fully upgraded to provide integrated television, telephony and broadband internet services.

Net loss for the year amounted to euro 124.8m compared to euro 45.5m in 1999. Excluding the extraordinary expense described above, the net loss for fourth quarter was euro 35.3m, a reduction of euro 4.0m on the previous quarter once the extraordinary results of that period are excluded.

Investments, financial needs and resources.

During the fourth quarter we invested euro 248m in network and network related assets which brings the total cumulative investment to euro 859.3m. The investments in the fourth quarter are higher than those in the previous quarter as a result of fluctuations in the timing of the investments, particularly with respect to work in progress. Cumulative investments for the year 2000 were euro 550m, with an average quarterly spend of approximately euro approximately 135m.

We ended the quarter with euro 237m of cash and available facilities on hand. On November 3, 2000, our shareholders agreed to increase capital by euro 250m on a pro-rata basis to their shareholding. This equity injection, together with the senior bank facility that we have available to us today and the proceeds of the high yield bond issue of USD 200m and euro 150m we completed in February 2001, is expected to provide us with financing through the year 2001.

About ONO:

ONO is the largest broadband service provider in the Spain, offering integrated telecommunications, television and broadband Internet services to businesses and residential customers in franchises serving 4 million homes and 300,000 businesses. ONO is managed by Callahan Associates International and its shareholders include BSCH, GE Capital, Bank of America, Caisse de dépôt et placement du Québec, Grupo Ferrovial, Grupo Multitel and VAL Telecomunicaciones.

Safe Harbour Statement Under the Private Securities Litigation Reform Act of 1995:

Certain statements in this release are forward looking statements that are subject to material risks and uncertainties. Actual results could differ materially from those stated or implied by those forward looking statements due to risks and uncertainties associated with its businesses, which include among others, competitive developments, risks associated with the Group's growth, the development of the Group's markets, regulatory risks, dependence on its major customers and their spending patterns and other risks which will presented in the Group's filings with the Securities and Exchange Commission.

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(Tables Follow)

OPERATING STATISTICS

	<i>At quarter end:</i>			
	December 31 2000	Sept 30 2000	June 30 2000	March 31 2000
Residential services				
Customers	168,237	121,495	93,579	66,910
Monthly revenue per customer (euro)	41.3	39.6	41.1	43.7
Number of RGUs per customer	1.87	1.78	1.74	1.60
Telecommunications:				
Customers	152,115	109,405	82,680	57,700
Penetration	24.6%	22.8%	21.9%	21.0%
Monthly revenue per customer (euro)	30.4	27.7	30.4	31.0
Television:				
Customers	128,242	95,737	75,826	53,380
Penetration	20.7%	19.9%	19.9%	18.1%
Monthly revenue per customer (euro)	16.1	15.3	15.8	15.0
Internet:				
Broadband customers	13,459	6,686	4,146	1,210
Monthly revenue per customer (euro)*	25.3	42.8	43.1	n.a.
Narrowband customers	20,518	4,683	n.a.	n.a.
Monthly revenue per customer (euro)	13.6	13.5	n.a.	n.a.
Business services				
Customers contracted	3,381	2,078	1,776	990
Customers in service	3,053	1,879	1,205	690
Monthly revenue per customer (euro)	141.8	154.6	173.0	301.0
Infrastructure				
Number of cities under construction	40	36	28	20
Number of cities with service	31	21	21	10
Route Km of national backbone	3,138	3,138	3,000	3,000
Route Km of local networks	3,438	2,865	2,209	1,680
Homes passed for television service	885,462	731,648	598,485	473,490
Homes passed for telecommunications service	885,462	731,648	593,286	454,680

* Broadband internet monthly revenue per customer adjusted for promotions in the final quarter was euro 44.5

CABLEUROPA SA and subsidiaries

UNAUDITED STATEMENTS OF OPERATIONS
(Spanish GAAP - euro in thousands)

	<u>Quarter Ended</u>	
	<u>December 31,</u> <u>2000</u>	<u>September 30,</u> <u>2000</u>
REVENUES	20,269	13,349
Residential Services:		
Telecommunications	11,780	7,985
Cable television	6,736	3,948
Internet	765	699
Business Services	988	717
Cost of services	<u>(13,152)</u>	<u>(8,692)</u>
Gross profit	7,117	4,657
General operating expenses	<u>(29,512)</u>	<u>(18,999)</u>
Adjusted EBITDA	(22,395)	(14,342)
Amortisation of soccer rights	(1,352)	(451)
Amortisation of EVCs and stock options	6,649	(5,985)
Depreciation and amortisation	<u>(13,224)</u>	<u>(10,125)</u>
LOSS FROM OPERATIONS	(30,322)	(30,903)
Interest expense, net	(23,039)	(23,555)
Unrealised foreign exchange gains/(losses)	2,982	1,271
Extraordinary income/(expense), net*	(31,660)	58,698
Minority interests	<u>15,086</u>	<u>14,011</u>
Net Profit /(Loss)	<u><u>(66,953)</u></u>	<u><u>19,522</u></u>
* Extraordinary income/(expense), net (in euro thousand):		
Gain on sale of CTC	-	41,873
(Provision) / Gain on stock option liabilities	(17,409)	21,937
Amortisation of IPO related expenses	(15,299)	-
Write off of assets	-	(3,985)
Other items	<u>603</u>	<u>(1,127)</u>
Total	<u><u>(32,105)</u></u>	<u><u>58,698</u></u>

CABLEUROPA SA and subsidiaries

UNAUDITED STATEMENTS OF OPERATIONS
(Spanish GAAP - euro in thousands)

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2000</u>	<u>December 31,</u> <u>1999</u>
REVENUES	51,470	6,752
Residential Services:		
Telecommunications	31,144	3,959
Cable television	15,725	2,678
Internet	1,938	-
Business services	2,663	115
Cost of services	(35,506)	(12,196)
Gross profit	15,965	(5,444)
General operating expenses	(71,809)	(17,823)
Adjusted EBITDA	(55,845)	(23,267)
Amortisation of soccer rights	(4,808)	(1,265)
Amortisation of EVCs and stock options	(18,129)	(31,437)
Depreciation and amortisation	(35,669)	(11,605)
LOSS FROM OPERATIONS	(114,451)	(67,574)
Interest expense, net	(73,853)	(24,395)
Unrealised foreign exchange gains/(losses)	(30,711)	(19,081)
Extraordinary income/(expense), net*	20,840	3,301
Income Tax	-	36,559
Minority interests	73,306	25,894
Net Profit /(Loss)	(124,869)	(45,296)
* Extraordinary income/(expense), net (in euro thousand):		
Gain on sale of CTC	41,873	-
Amortisation of IPO related expenses	(15,299)	-
Write off of assets	(4,536)	-
Other items	(1,198)	3,301
Total	20,840	3,301

CABLEUROPA SA and subsidiaries

UNAUDITED CONSOLIDATED BALANCE SHEETS
(Spanish GAAP - euro in thousands)

	<u>December 31,</u> <u>2000</u>	<u>September 30,</u> <u>2000</u>	<u>December 31,</u> <u>1999</u>
Assets			
Shareholders' contributions	150,000	-	-
Restricted investments	84,875	140,406	100,923
Cash and cash equivalents	17,198	25,120	146,333
Other current assets	111,863	93,909	95,393
Property, plant & equipment	739,132	520,073	262,828
Other long term assets	630,014	193,282	129,624
Capitalised tax credits	38,979	38,979	38,979
	<u>1,772,061</u>	<u>1,011,769</u>	<u>774,080</u>
Liabilities and stockholders equity			
EVCs	26,355	33,000	17,773
Short-term debt	101,860	53,662	10,253
Accounts payable	329,797	177,520	124,487
Accrued expenses and other liabilities	8,734	10,004	8,455
Senior Notes due 2009	433,296	433,296	402,908
Senior Notes due 2010	200,000	200,000	-
Other liabilities	36,585	22,391	32,951
	<u>1,136,627</u>	<u>929,873</u>	<u>596,827</u>
Total liabilities			
Minority interests			
Common stock	14,516	132,535	103,367
Shareholder subordinated debt	-	11,198	28,385
Net loss	(11,134)	(89,482)	(32,026)
	<u>3,382</u>	<u>54,251</u>	<u>99,726</u>
Stockholders' Equity			
Common stock and paid in capital	826,697	154,528	147,304
Accumulated deficit and other reserves	(194,645)	(126,883)	(69,777)
	<u>632,052</u>	<u>27,645</u>	<u>77,527</u>
Total liabilities and stockholders equity	<u>1,772,061</u>	<u>1,016,769</u>	<u>774,080</u>
Invested cash equity & shareholder subordinated debt	<u>398,261</u>	<u>298,261</u>	<u>189,056</u>