THIRD QUARTER 2001 RESULTS

GOOD PROGRESS TOWARDS POSITIVE EBITDA

- **Revenue increases to Euro 36 million**
- **12% quarterly customer increase to 526,788 RGUs**
- **Gross margin up to 50% from 45% in the previous quarter**

Madrid, 12 November 2001. ONO, (www.ono.es) Spain's leading broadband service provider, today announced its unaudited operating and financial results for the third quarter of the fiscal year ending 30 September 2001.

Commenting on ONO's performance in the third quarter of 2001, **Richard Alden**, ONO's Chief Executive Officer, said: *"Despite the fact that customer acquisitions in the third quarter are always affected by the holiday season, the progress we have made has been satisfactory. We have added 29,000 net new customers in the third quarter, and are already seeing a strong customer acquisition rate for the fourth quarter. Gross sales for the third quarter were also ahead of what we achieved in the corresponding period last year, which demonstrates how we have managed this seasonal issue. Our third quarter will however always be affected by the long Spanish summer and as such telephony usage and buy rates of per-pay-view movies will tend to be lower during this period. That said, we are pleased with the current level of average revenue per residential customer of over euro 42 per month and anticipate that this figure will rise during the fourth quarter.*

"The business sector continues to see improvement in ARPU levels and the acquisition of Telia Iberia in September will provide a boost to this area of our business as we start to offer our existing customers a wider range of products."

Michael Vorstman, ONO's Chief Financial Officer, commented: "*Our third quarter results include continued revenue growth, increasing to euro 36 million, and a very gratifying improvement in gross margins, rising to 50% from 45%. We continued to closely manage the level of operating costs during the quarter and can show a significant improvement in EBITDA losses, which have decreased for the third consecutive quarter. EBITDA losses for the quarter therefore amounted to euro 11.5 million and thus we remain well on track to achieve a positive quarter of EBITDA in the second half of next year.*

"During the quarter we started to draw on the Euro 800 million bank facility, which we signed and closed on 8 August. Drawings at the end of the third quarter amounted to Euro 15 million."

Highlights

Total revenues for the third quarter of fiscal 2001 increased to euro 36.1m compared to euro 34.1m in the second quarter of the year, representing a 5.8% increase. This increase is due to the addition of 29,000 residential customers, an increase of 11.5% over the previous quarter, however this was partially offset by a reduction in average monthly revenue per residential customer, which fell by 7.0% to euro 42.2 from euro 45.4 in the second quarter. The fall in ARPU in the quarter was a result of a reduction in telephone and PPV usage in the holiday months of July and August, which was expected and which is likely continue to recur annually.

Adjusted EBITDA losses decreased on a quarter on quarter basis for the third consecutive quarter, to negative EBITDA of euro 11.5m, an improvement of euro 4.4m with respect to the previous quarter. This is mainly due to an improvement in gross margin, up to 50.2% from 45.0%, while operating expenses also decreased by euro 1.6m.

Net loss for the third quarter amounted to euro 74.8m as compared with a loss of euro 81.2m in the previous quarter. The decrease is mainly due to the improvement in EBITDA and also to unrealised foreign exchange gains.

	Quarter ended 30 September 2001	Quarter ended 30 June 2001	*% change*
Residential services			
Customers	281,240	252,340	*11.5%*
Avg. monthly revenue per customer	euro 42.2	euro 45.4	*(7.0%)*
Telecommunications customers	258,166	229,898	*12.3%*
Avg. monthly revenue per customer	euro 26.1	euro 29.7	*(12.1%)*
Television customers	197,450	177,810	*11.0%*
Avg. monthly revenue per customer	euro 17.3	euro 17.4	*(0.6%)*
Broadband Internet customers	29,301	25,664	*14.2%*
Avg. monthly revenue per customer	euro 36.9	euro 36.5	*1.1%*
Business services			
Direct access customers	4,101	3,787	*8.3%*
Avg. monthly revenue per customer	euro 158.2	euro 152.3	*3.9%*
Infrastructure			
Homes passed	1,286,460	1,159,875	*10.9%*
Local network (route km)	4,723	4,407	*7.2%*
National network (route km)	5,319	5,000	*6.4%*

Forward calendar:

We plan to be present at the following events:

- Morgan Stanley, European Credit Conference, London, 19 November
- Citigroup, European High Yield Conference, London, 3 – 4 December

We anticipate reporting operating and financial results for the fourth quarter of 2001 on 28 February 2002.

About ONO:

ONO is the leading integrated broadband services provider in Spain. It offers direct access telephony, pay television and Internet access services to the residential market where it has a target market of over four million homes in exclusive franchise areas. In the business market, ONO offers advanced voice, data and application services across its own high capacity local access and national backbone networks. ONO is managed by Callahan Associates International and its shareholders are Bank of America, Caisse de dépôt et placement du Québec, GE Capital, Grupo Ferrovial, Grupo Multitel, Santander Central Hispano 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 our growth, the development of our markets, regulatory risks, dependence on our major customers and their spending patterns and other risks which will presented in our regular filings with the Securities and Exchange Commission.

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Financial results for the third quarter of fiscal 2001

Residential services. Residential telecommunications revenues were euro 19.2m for the third quarter of 2001 compared to euro 18.8m in the second quarter, a 2.2% increase. The improvement reflects an increase in customer numbers of 12.3% which was however partially offset by a fall in average monthly revenue per customer of 12.1% to euro 26.1 for the quarter against euro 29.7 in the previous quarter. This fall was expected as revenue in the third quarter historically suffers from a seasonal reduction in telephony usage. We expect average monthly revenue per customer to recover to at least the levels of the second quarter in the fourth quarter.

Telecommunications penetration decreased 0.4 percentage points in the third quarter to 26.4% compared to 26.8% in the second quarter. Aside from the seasonal factors explained above, this has mainly been due to the fact that we are closing the gap between homes passed and homes released to marketing giving us a greater base from which to market to new customers. Our ability to connect customers during the third quarter is inevitably always going to be affected by the fact that people are often away on their summer holidays. Hence what we have concentrated on during this quarter is releasing more homes to marketing to ensure that fourth quarter sales and connections are strong. The ratio of homes released to marketing to homes passed has closed from 70.9% in the first quarter of 2001 to 76.2% in the third quarter.

Cable television revenues for the third quarter of 2001 were euro 9.8m compared to euro 9.1m in the second quarter of 2001, an increase of 7.6%. The net increase reflects increased customer numbers of 11.0%. The average monthly revenue per customer was euro 17.3 for the quarter against euro 17.4 in the previous quarter. The small decrease is mainly due to lower pay per view usage during the months of July and August, during the soccer closed season. Cable television penetration fell by 0.5 percentage points to 20.2% over the quarter due to the higher number of homes released to marketing mentioned above.

Internet access revenues were euro 5.0m for the third quarter of 2001 compared to second quarter revenues of euro 4.4m, an increase of 14.5%. The number of Internet access subscribers at the end of the third quarter of fiscal 2001 was 71,172, of which 29,301 (or 41%) were broadband and 41,871 were flat-rate narrowband internet access customers, giving a total internet customer penetration of 25.0% with respect to our total customer base. The average monthly revenue per broadband customer increased to euro 36.9 from euro 36.5 and per narrowband customer remained flat at euro 16.0.

Business services. At the end of the third quarter, we had 4,101 business customers for direct access telecommunications services, up 8.3% from the previous quarter. Average monthly revenues per business customer improved to euro 158.2 compared to euro 152.3 in the previous quarter. These customer and ARPU figures do not reflect the customer numbers or revenue from the former Telia Iberia, S.A., which we acquired in mid-September. Revenue from Telia Iberia during the period to the end of the third quarter was euro 182,000.

Cost of services consists of interconnection costs for telecommunications services and programming fees for cable television services. Gross margin generated in the third quarter was euro 18.1m, an improvement of euro 2.8m with respect to the previous quarter. As a percentage of revenues, gross margin rose to 50% from 45%. This increase is due to reduced interconnection costs, as more of our national network becomes operational and lower relative programming costs for television as our customer base grows.

General operating expenses (net of capitalised costs) amounted to euro 29.6m in the third quarter compared to euro 31.2m in the second quarter of the year a reduction of euro 1.6m or 5%. The fall is mainly due to the benefits from the cost reduction and business rationalisation measures introduced at the end of the first quarter. Operating expenses as a percentage of revenues fell from 92% in the second quarter to 82% in the third quarter.

Soccer broadcast rights. In September 1999, we signed a four-year agreement for the right to broadcast Spanish 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 cost accounted for in third quarter of 2001 was euro 0.45m, lower than in the second quarter, in line with the fewer number of games played during the summer period.

Depreciation and amortisation expense was euro 24.6m for the third quarter of 2001, a decrease of euro 1.4m over depreciation and amortisation expense of euro 26.0m for the second quarter. The depreciation charge in the quarter is lower due to the fact that in the second quarter we booked a one-off depreciation charge reflecting a write down of certain capital equipment. However, the depreciation and amortisation expense remains proportional to the increased capital expenditures for the continuing construction of our telecommunications networks.

Net interest expense. Net interest expense for the third quarter was euro 39.2m, up from euro 36.1m from the previous quarter, in part due to commitment commissions on the new euro 800 million bank facility.

Unrealised foreign exchange losses. A proportion of our debt, and a proportion of our cash balances, is denominated in US Dollars relating to the senior notes due 2009 and 2011. In May 2000, we entered into a cross currency swap to hedge our exposure to exchange rate differences on our US Dollar denominated debt on our senior notes due 2009. The unrealised foreign exchange gains during the period were approximately euro 3.3m compared to foreign exchange losses of euro 2.6m for the previous quarter. The gains were the result of a 7% appreciation of the euro against the US dollar (in which a substantial portion of the senior notes due 2011 are denominated). We are currently reviewing our hedging strategy with respect to the 2009 and 2011 dollar notes.

OPERATING DATA

Residential services	30 Sept. 2001	30 June 2001	31 March 2001	31 Dec. 2000
	At quarter end:			
Customers	281,240	252,340	211,975	168,237
Monthly revenue per customer (euro)	42.2	45.4	42.6	41.3
Number of RGUs per customer	1.87	1.87	1.87	1.87
Telecommunications:				
Customers	258,166	229,898	191,918	152,115
Penetration	26.4%	26.8%	26.2%	24.6%
Monthly revenue per customer (euro)	26.1	29.7	29.0	30.4
Television:				
Customers	197,450	177,810	151,727	128,242
Penetration	20.2%	20.7%	20.7%	20.7%
Monthly revenue per customer (euro)	17.3	17.4	16.5	16.1
Internet:				
Broadband customers	29,301	25,664	21,194	13,459
Monthly revenue per customer (euro)	36.9	36.5	28.9	25.3
Narrowband customers	41,871	37,502	32,032	20,518
Monthly revenue per customer (euro)	16.0	16.0	11.4	13.6
Business services				
Customers in service	4,101	3,787	3,397	3,053
Monthly revenue per customer (euro)	158.2	152.3	145.1	141.8
Infrastructure				
Number of cities under construction	63	58	49	40
Number of cities with service	51	46	37	31
Route km of national backbone network	5,319	5,000	4,097	3,138
Route km of local networks	4,723	4,407	3,954	3,438
Homes passed	1,286,460	1,159,875	1,030,573	885,462

CABLEUROPA SA and subsidiaries

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

	30 September 2001	30 June 2001
Revenues	36,063	34,083
Residential Services:		
Telecommunications	19,181	18,764
Cable television	9,801	9,107
Internet	5,013	4,377
Business Services	2,068	1,835
Cost of services	(17,954)	(18,730)
Gross margin	18,109	15,353
General operating expenses	(29,611)	(31,235)
Adjusted EBITDA	(11,502)	(15,882)
Amortisation of soccer rights	(450)	(1,353)
Depreciation and amortisation	(24,615)	(26,012)
Loss from operations	(36,567)	(43,247)
Interest expense, net	(39,172)	(36,061)
Unrealised foreign exchange gains / (losses)	3,332	(2,564)
Extraordinary expenses, net	(942)	-
Minority interests	(1,498)	656
Net loss	(74,847)	(81,216)

CABLEUROPA SA and subsidiaries

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

	30 September 2001	30 June 2001
Assets		
Restricted cash	56,925	73,656
Cash and cash equivalents	21,988	156,812
Other current assets	161,475	150,783
Property, plant & equipment	976,653	928,488
Other long term assets	683,815	660,364
Capitalised tax credits	38,979	38,979
Total assets	1,939,835	2,009,082
Liabilities and stockholders equity		
EVCs	76,958	76,958
Short-term debt	93,261	106,972
Accounts payable	234,153	245,265
Accrued expenses and other liabilities	56,601	44,310
Senior Notes due 2009	433,296	433,296
Senior Notes due 2010	200,000	200,000
Senior Notes due 2011	369,034	385,850
Senior bank facility	15,000	-
Other liabilities	56,651	47,300
Total liabilities	1,534,954	1,539,951
Minority interests		
Common stock	2,894	12,624
Accumulated deficit	(2,280)	(12,277)
	614	347
Stockholders' Equity		
Common stock and paid in capital	829,528	826,697
Accumulated deficit and other reserves	(425,261)	(357,913)
	404,267	468,784
Total liabilities and stockholders equity	1,939,835	2,009,082
Shareholder invested and committed cash equity	841,872	541,872