



JAZZTEL

Jazztel Business Update

November 14th, 2005

Disclaimer

Certain statements in this document are forward-looking and are subject to material risks and uncertainties. Actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with Jazztel's business, which include among others, competitive developments, risks associated with the Company's growth, the development of the Company's markets, regulatory risks, dependence on its major customers and their spending patterns and other risks which are presented in the Company's filings with certain European regulatory authorities.

Agenda

I. November '04 turnaround plan

II. Business Plan Execution

III. Conclusions

Leopoldo Fernández Pujals has changed Jazztel

Leopoldo Fernández Pujals, a proven successful entrepreneur

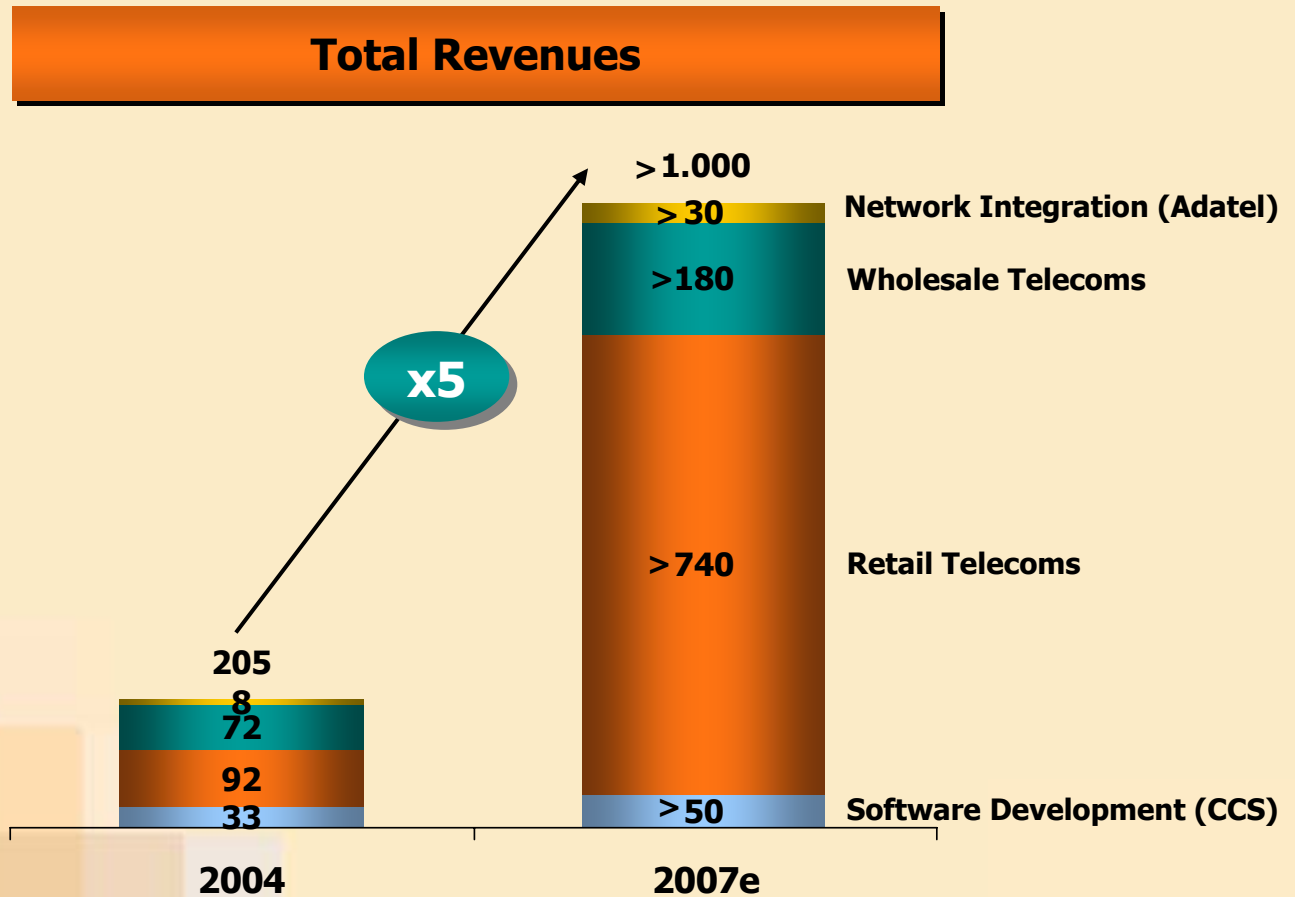
- A Spanish national, Leopoldo was born in Cuba 58 years ago
- He started his career in the sales area of Procter & Gamble and later joined Johnson & Johnson
- In 1988, Leopoldo opened the first outlet of his pizza delivery business, Telepizza
- By 1992, Telepizza was the pizza delivery market leader in Spain with 76 outlets
- In November 1996 Telepizza is listed in the Madrid stock market. Two years later, the stock is included in Madrid's blue-chip index, Ibex 35
- In 1999, Leopoldo sells his 32% stake in the company for approximately €300 million
- In 1998, Leopoldo sets up the Yeguada Centurion, the world's biggest Spanish horse complex, with approximately 1,000 Spanish horses

In 2004 Leopoldo Fernández Pujals invests Euro 62 Million to acquire a 24.9% stake of JAZZTEL and launches a new Strategic Plan 2005-2007

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Jazztel is growing in all its business segments

Euro million



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Jazztel is taking advantage from fast growing markets

- **Internet Broadband will drive growth in the Telecoms Market**
 - Total DSL lines will grow from 2.5 million in 2004 to approximately 7.0 in 2007
 - DSL technology will represent more than 80% of total broadband connections in Spain and will penetrate approximately 48% of the household market in 2007
 - DSL will achieve this growth rate due to:
 - Alternative broadband direct access deployments
 - DSL Technology development
 - Price reduction – 20 Mb at a lower price than 0,5 Mb
- **Network Integration and Information Systems markets will also register growth rates around 10%**

The logo for Jazztel, featuring the word "JAZZTEL" in a stylized, handwritten-style font.

Jazztel is deploying a state-of-the-art ADSL2+ ULL access network, leading technology evolution in Spain

ULL¹ Direct Access Network

At year-end

2004

2005

2006

CO's² in service **87** **>500** **>600**

% of lines reached **14%** **>65%** **>70%**

% of total market in euros **17%** **>70%** **>80%**

State-of-the-art technology possibilities

- **Wide range of product offerings:**
 - ADSL variable (2 - 20 Mbps)
 - One Invoice
 - VoIP
 - Wi-Fi
 - Value Added Services: Pay TV, VoD³, PVR⁴, online games, in-home networking, security&safety, video conference, home automation
- **Lower prices**
- **Better margins**
- **End-to-end service quality control**

¹ ULL: Unbundling Local Loop

² CO: Central Office

³ VoD: Video on Demand

⁴ PVR: Personal Video Recording

Advertising and sales activities have been re-dimensioned in order to boost commercial effectiveness

- **Advertising investment in excess of €3 million per month (top-10 advertiser in Spain)**
- **Sales force expanded to 200 people**
- **New telemarketing platforms**
- **Increase sales force productivity via:**
 - Exploit cross-selling between Jazztel, CCS and Adatel
 - Continuous sales training
 - Open-ended incentive plans
- **Alternative sales & communication channels (new web page, sponsorships, IR)**

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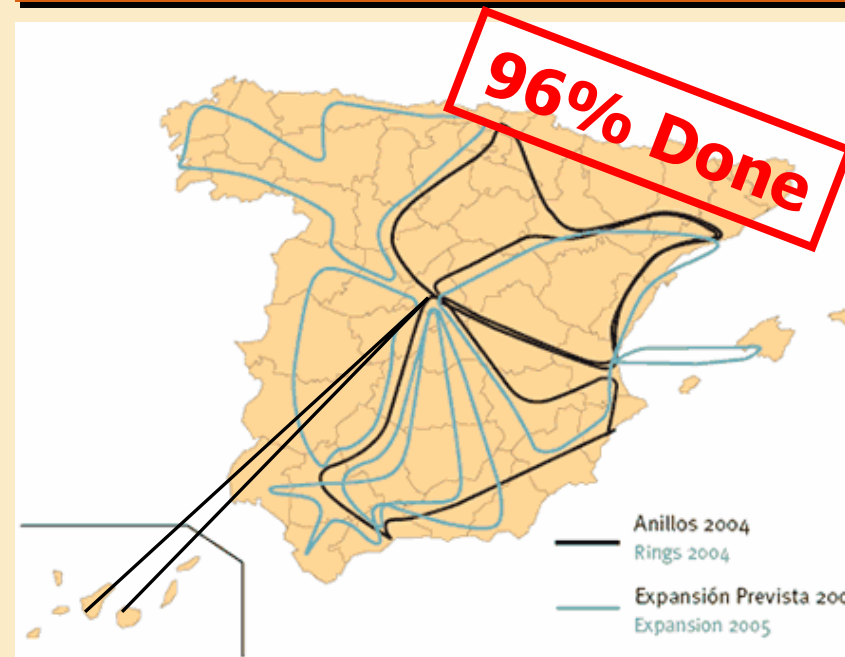
The fibre network expansion has result in more than 18,000 km of backbone and 2,700 km of MAN

National Backbone 2004



- **Backbone:** 5.753 km.
- **MAN:** 2.718 km.

Backbone planned expansion 2005

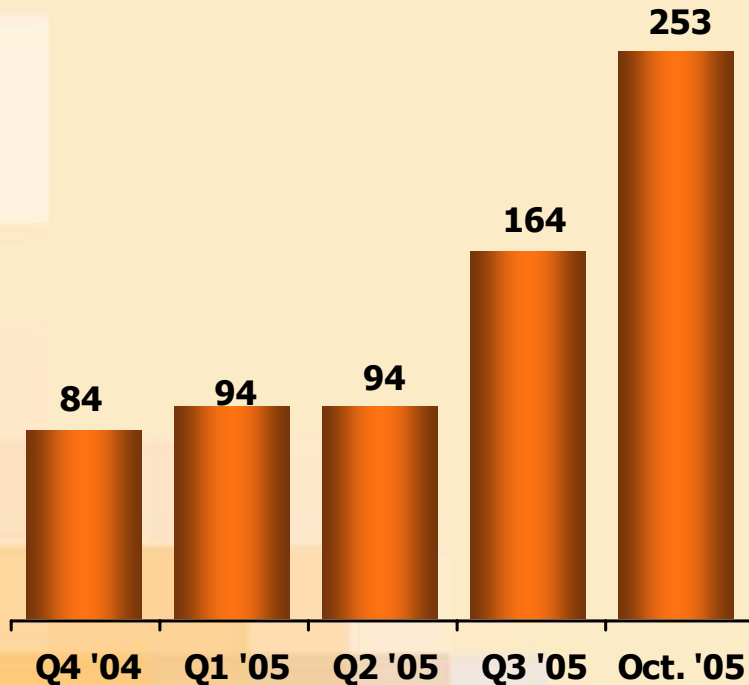


- **Backbone:** 19.129 km. (18.329 km. already in service)
- **MAN:** 2.718 km.

Jazztel will reach direct access coverage over 70% of the potential market in euros by the end of 2005

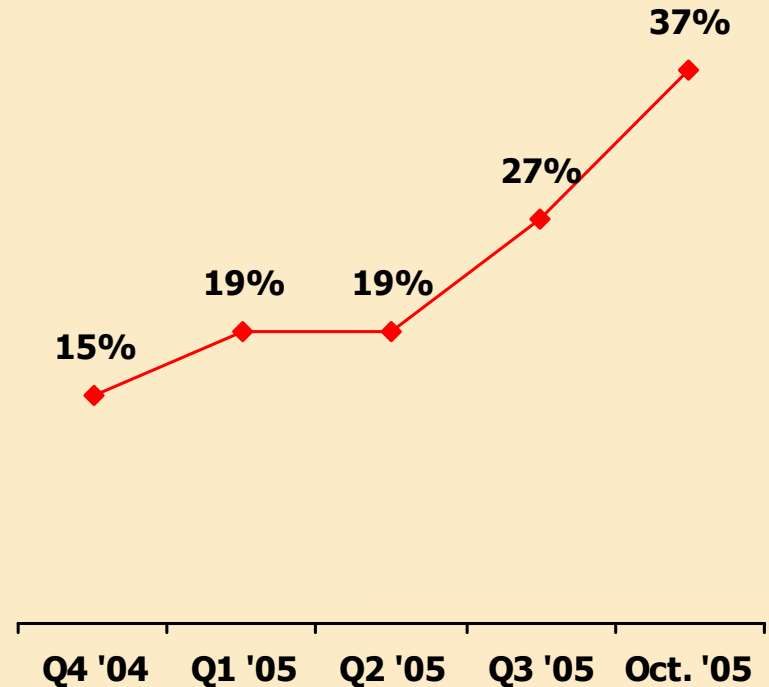
CO's deployment

Central Offices with Jazztel's equipment in co-location




ULL Direct Access Coverage

% of coverage over total lines (excluding the Canary Islands)



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Jazztel is doing everything possible in its hand to make Telefónica comply with the law via the regulatory board

- **34 complaints have already been filed over the last 42 weeks with the CMT, the Spanish telecommunications watchdog**
 - **9 of these disputes have already been settled by the CMT**
 - **Every single complaint settled have been ruled in favour of Jazztel**
- 
- **Telefonica is still not complying with some of the resolutions already being made by the CMT**
 - **Telefónica has asked the CMT to cancel all the obligations imposed regarding the disputes filed by Jazztel**
 - **The CMT has rejected the proposal**

... as well as on the legal side...

Jazztel is filing this week 4 lawsuits against Telefónica, claiming million of euros due to the negative impacts on Jazztel's business plan caused by Telefónica non compliance with the law. These impacts include:

Direct Impact

Delays in the opening of Central Offices

Delays in provisioning, migration and technical support regulated timeframes*

Effects on Jazztel's BP

Delays on the launch ADSL 20Mb – customer additions are significantly lower with resale offer

Negative effect of gross margin (higher mix resale vs. ULL)

Churn Increase – mostly related to Resale ADSL customers waiting to receive Jazztel's ULL offer

Increase in customer acquisition and retention costs (i.e. customer care costs)

Churn Increase (non productive customer acquisition related capex and opex)

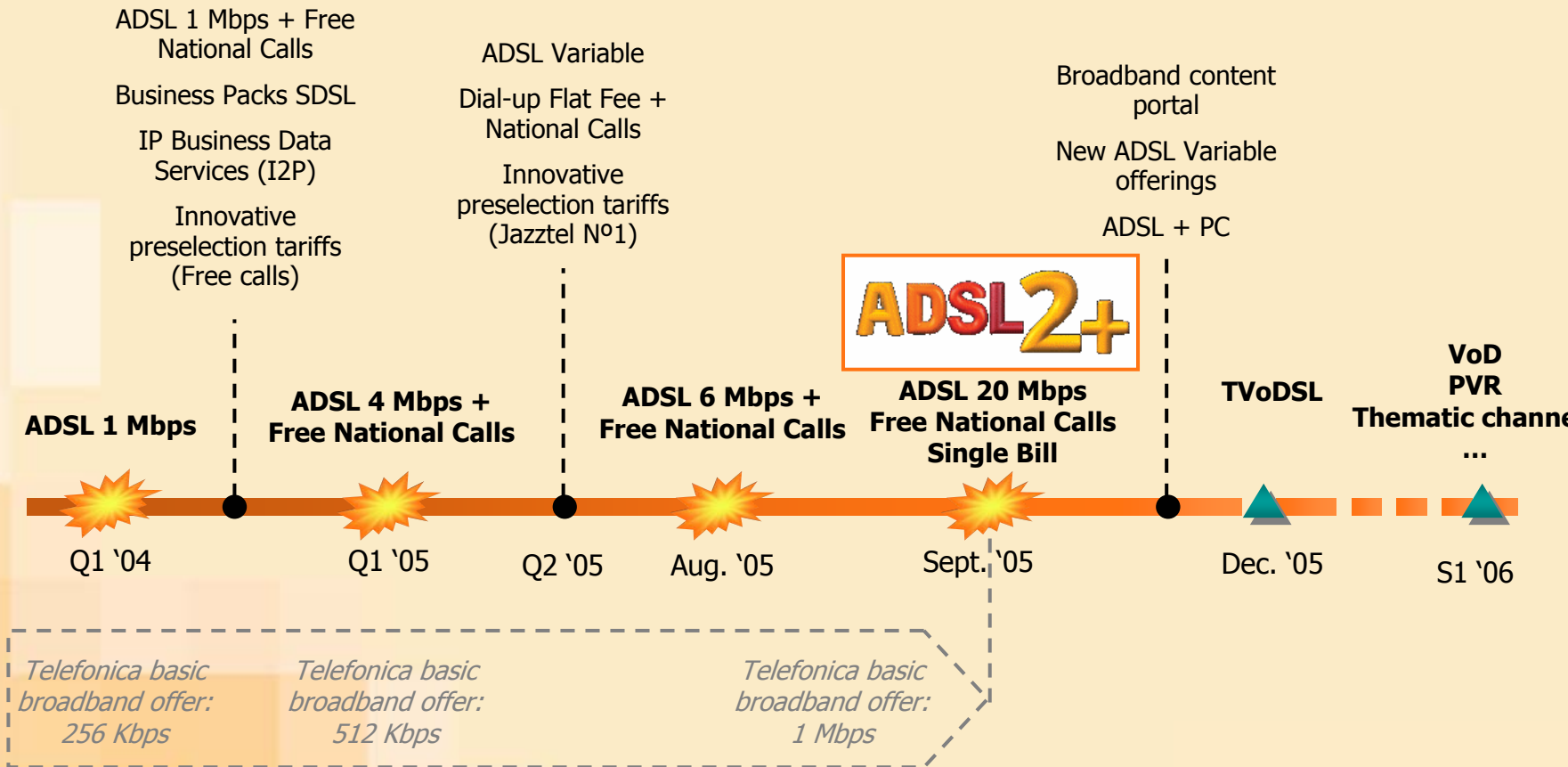
Lower customer satisfaction

Lower revenues and margins

Increase in customer acquisition and retention costs (i.e. customer care costs)

* Regulated Provisioning time is aprox. 15 days. Telefonica takes in many occasions more than 30 days

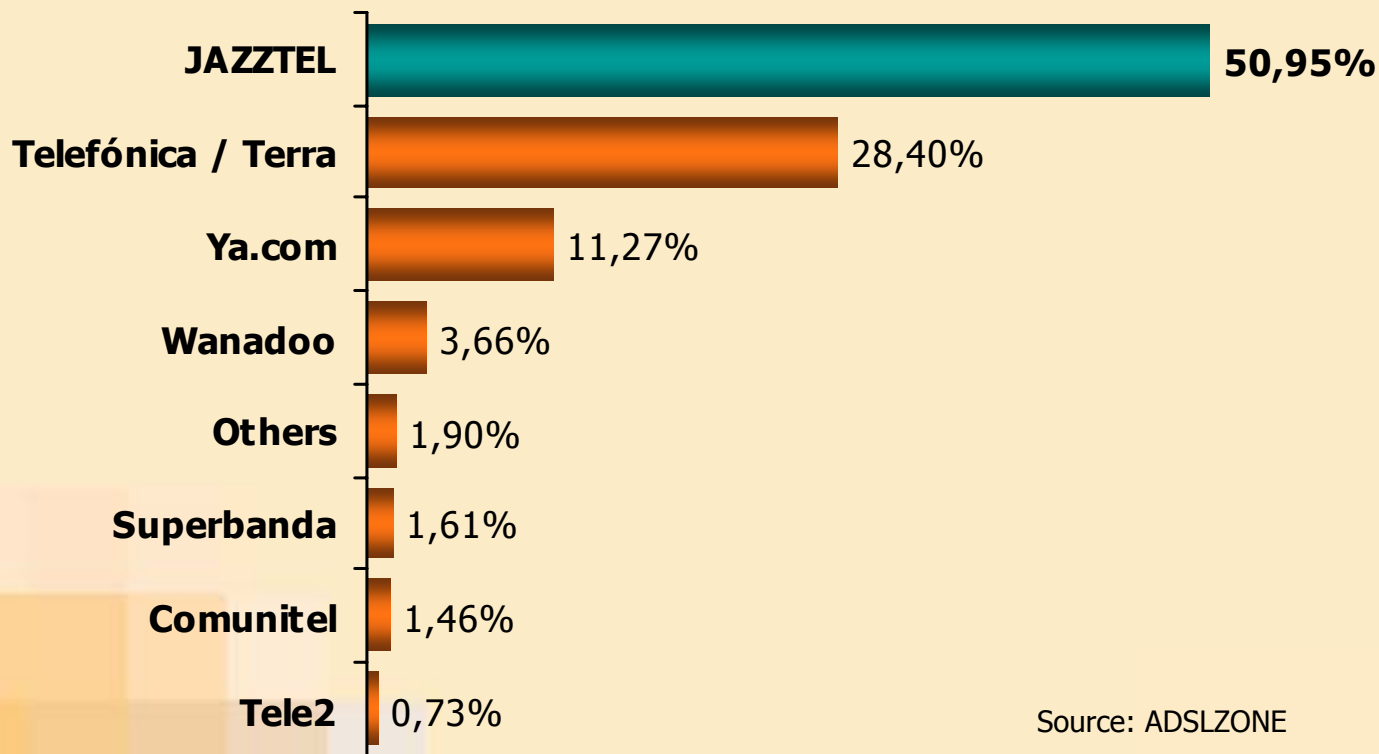
Jazztel has shaken the telecom market with continuous launches of innovative products...



... which has taken Jazztel to be the most valued ADSL supplier in Spain...

Present Interview Results

Which is your favorite supplier?



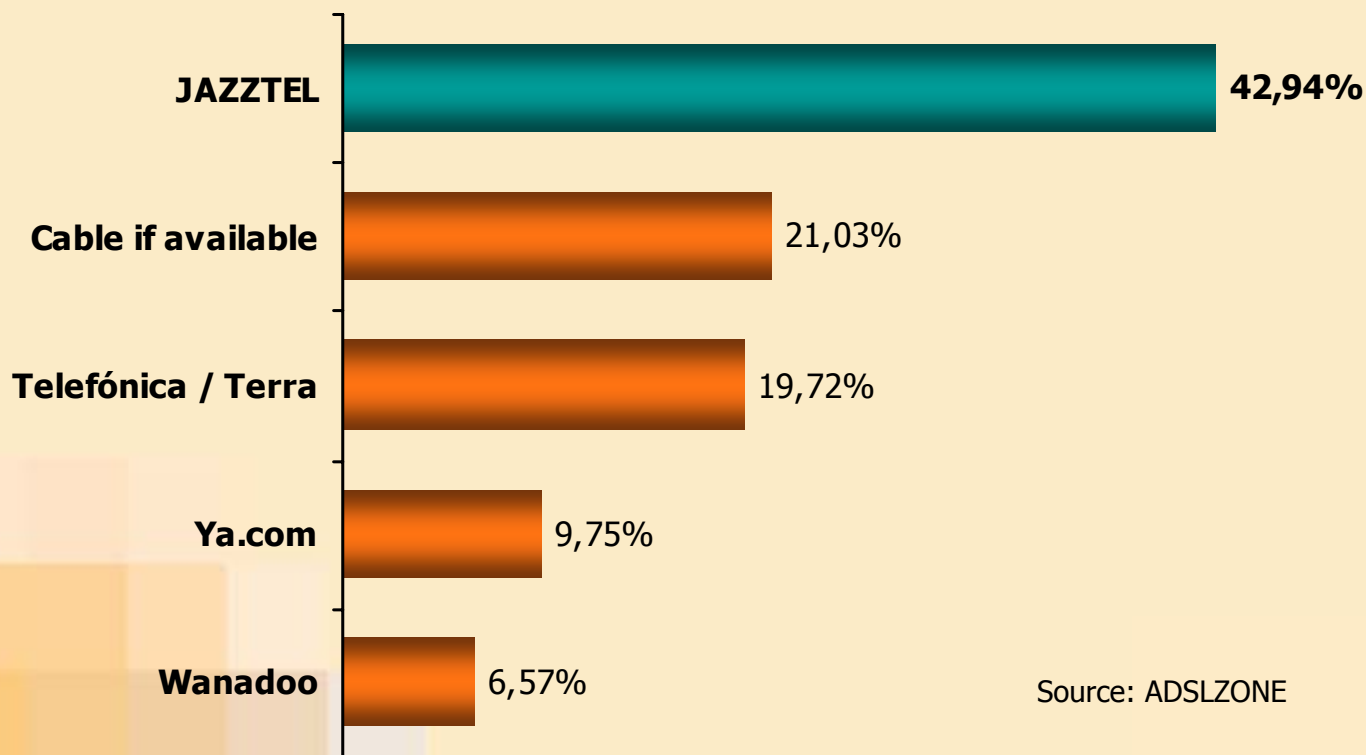
Source: ADSLZONE

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... and the preferred election among ADSL users

Present Interview Results

Should you want to install ADSL or change your ADSL supplier, which one will you choose?



Source: ADSLZONE

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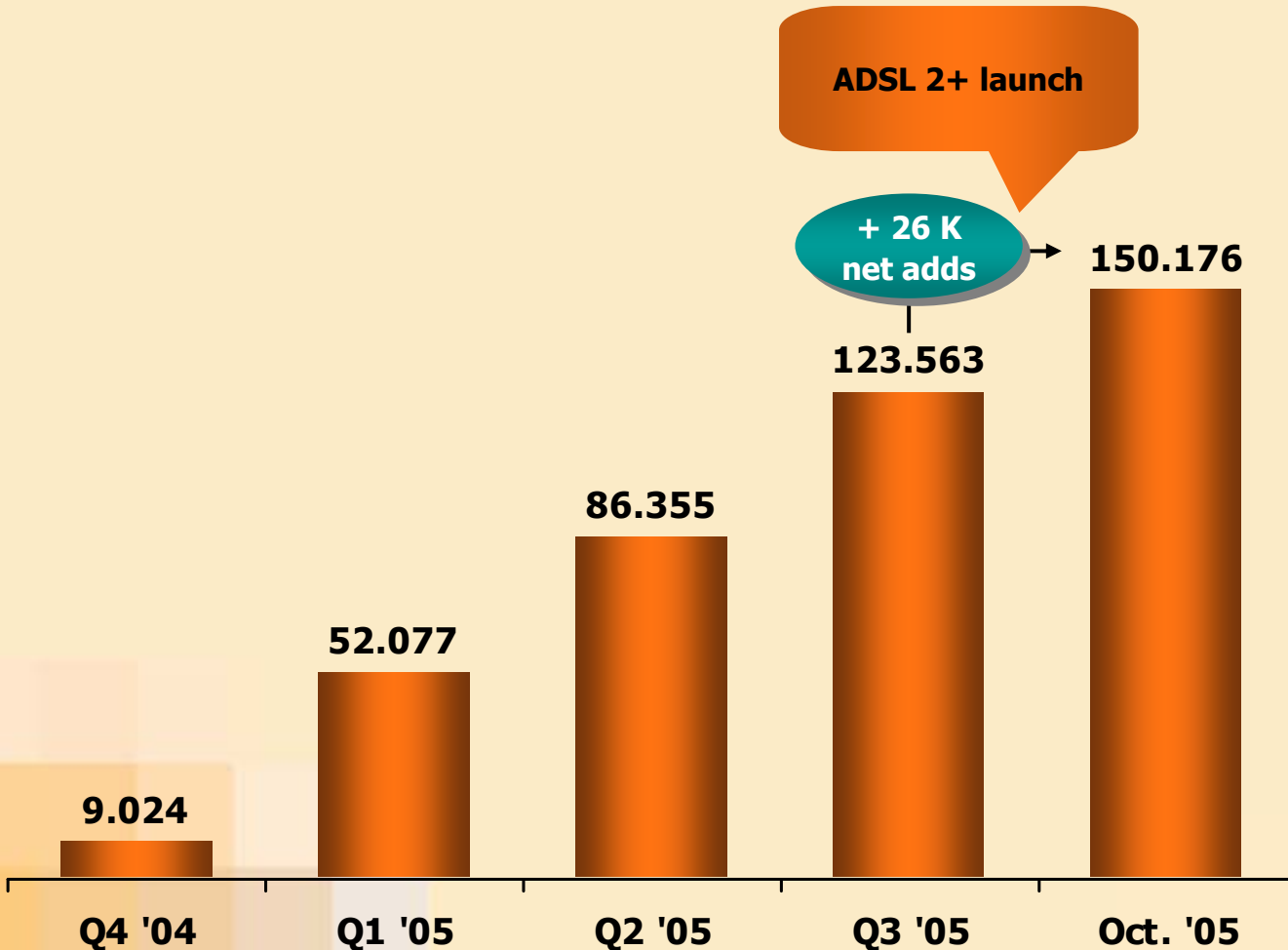
ADSL 2+ has revamped customer acquisition rates

JAZZTEL needs a run rate of 11.500 weekly net adds to comply with its ADSL targets

	Jan-Sept.	Oct. Week 1	Oct. Week 2	Oct. Week 3	Oct. Week 4	Nov. Week 1	2006 Total
	ADSL (1G) covered lines	ADSL2+ (2G) covered lines					
Average covered lines	4.009.569	3.806.317	4.927.969	5.287.278	5.907.116	6.316.166	13.500.000
Weekly Net Adds	2.928	4.646	5.234	5.764	9.878	7.610	11.500
Daily Net Adds	611	929	1.309	1.153	1.976	1.903	2.300
<i>Working days</i>	182	5	4	5	5	4	5



Jazztel has significantly increased its ADSL customer base

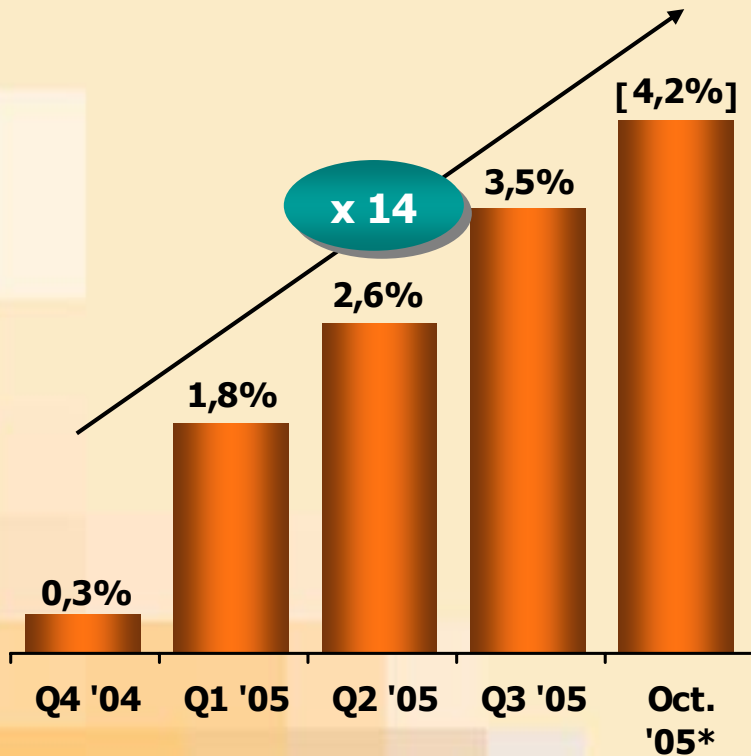


Source: CMT, Jazztel

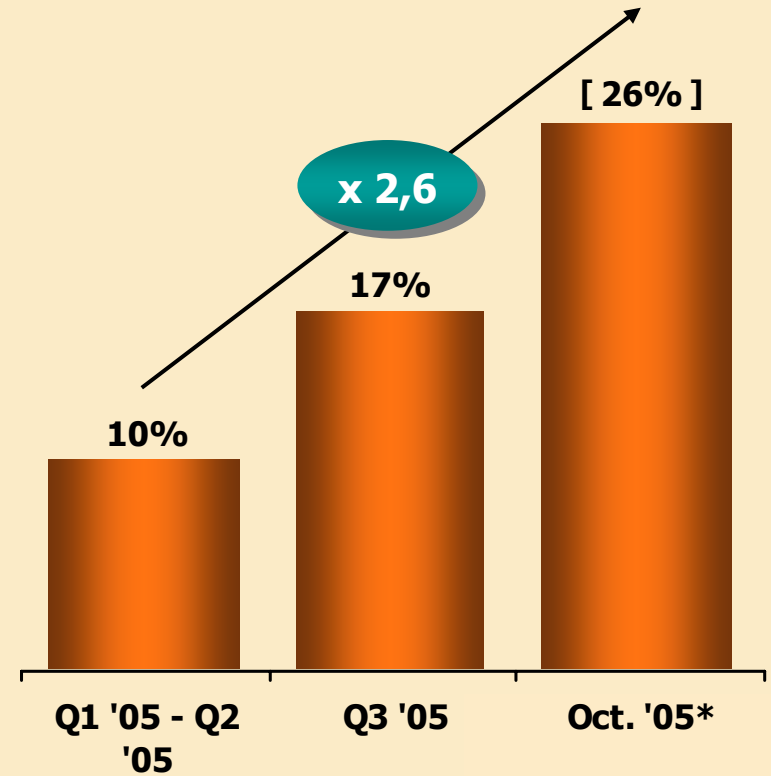
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... which has boosted its market share in the ADSL market

Jazztel ADSL Market Share



Jazztel Share of market growth



*assuming October's ADSL market growth is equal to September

Other operational highlights

- **Jazztel has launched other operational initiatives, such as:**
 - Complete substitution of the Business Support Systems. Main contractor: Indra
 - IPTV and Content platform supply contract awarded to Telindus, Indra and Nagravisión
 - Customer care expanded by 10 times to provide the best service to our customers
 - MVNO authorisation to operate as soon as a commercial agreement is reached between Jazztel and other MNO
 - New Board of Directors

Experienced management and Board of Directors

Name / Position	Experience
José Luis Diez Director (58)	<ul style="list-style-type: none">• Ernst & Young (President), Renta Inmobiliaria Punta Cana (President), Publishing group (CFO), Colegio de Economistas de Madrid (vocal), Registro de Economistas Auditores (President), Instituto de Contabilidad y Auditoria de Cuentas (Member of the Consulting Committee)• Degree in Economics from the University of Madrid.
Luis Carlos Croissier Director (54)	<ul style="list-style-type: none">• Adolfo Domínguez (Director), Andersen Consulting (Advisory Board), Comisión Nacional del Mercado de Valores (President), Minister of Industry and Energy, Instituto Nacional de Industria (President)• Degree in Economics from the Universidad Complutense de Madrid, postgraduate degree from the Université Paris I - Sorbonne
José Luis Navarro Director (52)	<ul style="list-style-type: none">• Advise (Founder and President), Procter & Gamble Spain & Portugal (CEO), Procter & Gamble Europe (Strategic Planning Vice-president), Procter & Gamble Italy (CEO), Procter & Gamble Personal Care (European Vice-president), Procter & Gamble Spain (Marketing Director)• Degree in Industrial Engineering in the Universidad Politécnica de Madrid
Pedro Navarro Director (62)	<ul style="list-style-type: none">• Texas Instruments (Engineer), Arthur Andersen (Partner), Andersen Consulting (President for Spain), Andersen Consulting banking & insurance division (President for Europe, Latin America & Africa), Andersen Consulting Mergers & Acquisition (President), Planeta Publishing Group (President of the Advisory Committee)• Degree in Industrial Engineering in the Universidad Politécnica de Barcelona, MBA Esade, MBA Texas Tech University

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Thank you